

Master Thesis

**Redrawing the Lines:
How AI Reshapes Labor Division in the Creative
Advertising Industry**

An Institutional Analysis of Client-Agency Dynamics in an AI-Mediated Industry

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June 2025

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Abstract

Artificial intelligence (AI) is reshaping the creative advertising industry, not just by automating discrete tasks, but by influencing how labor is divided, authority is distributed, and value is created and coordinated. Traditionally, advertising operated through a linear value chain, with clearly defined roles for clients, agencies, and media platforms. The emergence of AI tools introduces new possibilities and pressures, challenging institutional norms, reconfiguring workflows, and blurring boundaries between strategic, creative, and production functions. This thesis addresses a key gap: while technological and ethical dimensions of AI are explored, its institutional effects on labor division and inter-organizational dynamics in advertising remain underexplored. It is framed by the central research question: How is AI reshaping labor division between clients, agencies, and media platforms in the creative advertising industry? This study positions AI not only as a tool, but as a technological institution that may reshape how coordination, decision-making, and legitimacy are negotiated within the ecosystem.

Drawing on Institutional Economics, particularly Transaction Cost Theory (TCT), path dependency, and power asymmetries, this thesis explores how roles and relationships evolve under technological change across five core advertising functions: strategy, creativity, production, distribution, and evaluation. The research follows a qualitative, exploratory approach based on nine semi-structured expert interviews with senior professionals from creative agencies operating in the Dutch market. Data were thematically coded in ATLAS.ti, combining inductive and interpretative strategies to identify institutional shifts in inter-organizational dynamics.

The findings suggest that AI is not replacing human labor but redistributing and reframing it. Agencies are increasingly positioned as curators, advisors, and interpreters of AI-generated outputs, while clients internalize more production and planning tasks independently through accessible AI tools. Although media platforms were not a central focus of the interviews, they remain structurally influential through algorithmic governance and data-driven control over distribution and evaluation. Together, these dynamics signal an institutional transition from linear value chains to dynamic value networks, where collaboration becomes fluid, decentralized, and technologically mediated. By conceptualizing AI as an institutional force rather than just a tool, this thesis contributes to a deeper understanding of how automation and human agency interact to reshape norms, roles, and relationships that structure strategic and creative work in a rapidly evolving industry.

KEYWORDS: *Artificial Intelligence, Advertising Industry, Division of Labor, Institutional Economics, Client-Agency Relationship*

Word count: 19998

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List of Abbreviations

Abbreviation	Definition
AI	Artificial Intelligence
GDPR	General Data Protection Regulation
LLM	Large Language Model
TCT	Transaction Cost Theory

1. Introduction

In just under a decade, artificial intelligence has moved from a speculative technology to a core driver of change in creative advertising workflows. Moving beyond automation of isolated tasks, these technologies now adopt more integral roles within strategic decision-making, creative processes, and asset production. This transformation impacts not only how advertising campaigns are executed but also the core organizational structures and relationships between key actors, the clients, the media agencies, and the media platforms. Adesina (2025, pp. 3-5) emphasizes that AI significantly accelerates personalization, media optimization, and content creation, marking a profound shift from traditional advertising methods towards more dynamic, integrated workflows. Similarly, Isabella (2025, pp. 33-34) describes this shift as a paradigmatic evolution from human-led manual processes to AI-driven ecosystems capable of real time optimization, predictive targeting, and autonomous budget management.

Historically, the advertising industry operated within a linear model characterized by clearly defined roles: clients outlined strategic goals, agencies crafted creative content, and media platforms executed distribution. This linearity is now disrupted as AI-driven systems establish more fluid interactions and blur boundaries among these stakeholders. Today, clients leverage AI tools for initial ideation and campaign briefings, agencies embed AI into strategic orientation and creative development, and platforms use sophisticated algorithms for automated ad placements and performance analytics. Consequently, the industry is experiencing significant shifts in who controls, authors, and evaluates advertising content. These shifts raise critical questions not only about operational efficiency, but about how organizational responsibilities, authority, and coordination evolve. This addresses a critical need for scholarly exploration into these evolving dynamics, which this thesis investigates from an institutional perspective. This thesis focuses on creative agencies operating in the Netherlands, a digitally advanced and internationally integrated market. Its strong regulatory environment and cross-border client base make it a relevant context for analyzing how AI is reshaping labor dynamics in advertising.

1.1 Academic Relevance

Scholarly interest in AI and advertising has grown rapidly in recent years. Numerous studies have confirmed AI's impact on campaign efficiency, creative performance, and consumer targeting (Harvard Division of Continuing Education, 2024, *Personalization At Scale* section;

Missouri State University, 2024, *Better segmentation and targeting* section; Adesina, 2025, pp. 5-9). Adesina (2025, pp. 5-9) extensively details AI's applications, such as programmatic advertising, predictive analytics, and generative content production, highlighting improvements in efficiency, consumer engagement, and personalization capabilities. Likewise, Isabella (2025, pp. 35-39) provides empirical evidence that AI-generated creative variants and predictive targeting significantly enhance advertising performance metrics, including return on ad spend (ROAS) and cost per acquisition (CPA).

The advertising industry is historically shaped by formal and informal institutions that stabilize the distribution of work across clients, agencies, and platforms. Contracts, billing practices, and professional norms have long governed these interactions (Commons, 1931, pp. 648-652). Institutional Economics, particularly as articulated by North and Williamson, offers a framework to understand these structures. North (1986) conceptualizes institutions as “the rules of the game” that reduce uncertainty in economic coordination by structuring incentives and transaction costs (pp. 230-233). In advertising these transaction costs manifest as the expenses and efforts involved in coordinating creative development, production, and performance assessment across multiple actors.

AI directly challenges traditional institutional arrangements by introducing new efficiencies, dependencies, and decision-making logics. For example, when clients use generative AI tools to internalize tasks once outsourced to agencies, they substantially reduce transaction costs. However, this internalization simultaneously destabilizes existing professional norms and trust structures, creating new institutional uncertainties around accountability and creative quality assurance. Williamson (2000) argues that institutional structures evolve primarily to manage risks under conditions of bounded rationality and incomplete contracts. Nevertheless, when technological change, such as AI integration, outpaces institutional adaptation, governance gaps emerge in authorship, accountability, and operational expectations.

To capture the multifaceted nature of AI-driven labor transformations in creative advertising, this thesis specifically investigates five key functional pillars where AI actively reshapes roles and responsibilities: strategy, creativity, production, distribution, and evaluation. These pillars correspond directly to the core phases of advertising workflows, providing a structured analytical lens through which institutional shifts can be systematically observed (Anantrasirichai & Bull, 2022, p. 4). Each pillar reflects critical domains of decision-making,

coordination, and professional interaction, making them particularly relevant for analyzing how AI reshapes daily practices and broader power dynamics across the industry.

However, despite these established advancements, critical gaps remain in our understanding. First, there is limited investigation into how AI specifically alters the division of labor within the three involved protagonists. Current literature often remains conceptual, identifying general shifts without providing detailed analyses of changing job roles or organizational structures. While scholars recognize that certain roles become automated or augmented, explicit insights into how new hybrid roles emerge, or how professional responsibilities and boundaries are actively renegotiated within teams remain underexplored.

Second, there is a notable lack of exploration using institutional theory, particularly Transaction Cost Theory (TCT), to investigate the deeper organizational transformations driven by AI. Institutional theory offers valuable insights into how economic coordination mechanisms adapt to technological changes. Specifically, TCT, articulated by North (1986, pp. 230-233), serves as an essential analytical lens to understand the rationale behind organizational decisions related to outsourcing, internalization, and the structuring of relationships under conditions of uncertainty. According to this theory, institutions emerge and evolve primarily to minimize transaction costs, those costs that are associated with searching, negotiating, monitoring, and reinforcing agreements among different stakeholders.

In the advertising context, transaction costs include client-agency coordination, content approval processes, and performance evaluations. AI, by automating and streamlining certain tasks, has the potential to substantially reduce transaction costs. However, this reduction is not uniform. It simultaneously introduces new types of uncertainty and coordination challenges related to AI's opacity, the quality assurance of generative outputs, and the accountability of automated decisions. This interplay between reduced traditional transaction costs and newly emerging uncertainties is a crucial dimension of AI's institutional impact on advertising.

Supporting TCT, concepts like path dependency and power asymmetries offer additional analytical depth. Path dependency, as outlined by North (1986, p. 232), highlights how historical institutional arrangements and entrenched professional identities might constrain an organization's ability to adapt to new technological paradigms. Agencies rooted in legacy processes and structures may find it challenging to reorganize efficiently in response to AI integration. Power asymmetries further enrich this institutional perspective by explaining how

control over resources, data, and technological capabilities impacts agency-client-platform relationships. Wagner (2020, pp. 123-125) notes that dominant platforms often centralize control over critical advertising data and distribution channels, creating power imbalances that can disadvantage agencies and reshape client expectations and strategic positioning.

Third, empirical research on AI in advertising tends to be predominantly cross-sectional and short-term. Longitudinal and comparative analyses that capture changes over time and across organizational and market contexts, are notably rare. This absence limits our understanding of the dynamic, evolving nature of AI integration and its longer-term institutional effects.

Addressing these critical gaps, this thesis contributes empirically grounded insights into how AI is reshaping roles, organizational structures, and institutional relationships in the creative advertising industry. By integrating TCT as the central analytical framework, supported by insights from path dependency and power asymmetry perspectives, the study offers a comprehensive understanding of these transformative processes. This research draws upon detailed expert interviews across diverse roles within agencies, providing rich qualitative insights into these ongoing institutional dynamics. The thesis provides an empirically grounded, institutional perspective on how AI is reshaping the interplay between strategic, creative, and production functions, an area that remains underexplored in empirical advertising research.

1.2 Research Aim and Central Question

This thesis investigates how artificial intelligence is reshaping the division of labor in the creative advertising industry, with particular focus on the evolving roles of clients, agencies, and media platforms, where applicable. Rather than treating AI solely as a technical innovation, the study considers it a structural force that redistributes responsibilities across organizational boundaries and redefines how value is created, coordinated, and evaluated.

The aim is to understand how these shifts manifest across key phases of advertising work and how they affect institutional dynamics such as trust, authority, and collaboration. As outlined in the previous section, the analysis is structured around five core pillars: strategy, creativity, production, distribution, and evaluation. These serve as the functional foundation for both the empirical investigation and the research design. This leads to the central research question:

How is AI reshaping the labor division between clients, agencies and media platforms in the creative advertising industry?

To provide a structured analysis, this guiding question is further broken down into five functionally grounded sub-questions, each addressing a core pillar of advertising practice:

- *How is AI reshaping labor division in the strategic planning of advertising?*
- *How is AI reshaping labor division in the creative process of advertising?*
- *How is AI reshaping labor division in the production of advertising?*
- *How is AI reshaping labor division in the distribution of advertising?*
- *How is AI reshaping labor division in the evaluation of advertising?*

By exploring these dimensions, the thesis offers a comprehensive view of how AI alters not only the execution of specific tasks but also the institutional structures and professional relationships that support them.

1.3 Societal Relevance

The integration of AI into the creative advertising industry also presents transformative implications for the workforce, professional roles, and broader social structures. These changes extend beyond academic theory, touching directly on how creative professionals engage with work, how organizations define value, and how audiences experience advertising. This research is situated within these societal developments, offering insights into how agencies and other stakeholders can responsibly adapt to emerging challenges.

Creative agencies are undergoing a significant organizational shift as AI technologies automate and augment tasks across strategic planning, content production, and performance evaluation (Adesina, 2025, pp. 3-9; Isabella, 2025, pp. 35-39). As automation absorbs executional labor, new hybrid roles are emerging that demand strategic judgment, creative curation, and technological fluency. Job roles such as “AI Curator” or “AI Efficiency Manager”, which surfaced in this study, reflect the merging of previously distinct capabilities. While not yet standardized, these positions signal a broader shift toward integrated, cross-functional expertise. This development not only reshapes internal agency structures but also raises broader societal questions about the future of creative labor, the skills demanded by AI-mediated industries, and how professional identities evolve under technological change

The societal impact if these changes extend to employment structures and professional identities. While AI may reduce time spent on repetitive tasks, it does not eliminate the need for human creativity. Instead, as several interviewees in this study noted, it repositions humans as interpreters and orchestrators of machine outputs. However, the redistribution of tasks can

destabilize existing hierarchies, workflows, and skill valuations. As emphasized by Adesina (2025, pp. 14-15), without institutional guidance, the shift risks creating uncertainty around authorship, ownership, and value contribution. This research offers early guidance on how to manage this transition in ways that preserve both fairness and productivity.

The risks are particularly acute for mid-level and junior staff. These professionals often have limited decision-making power in AI adoption but are disproportionately impacted by changes in executional workflows. Without inclusive upskilling opportunities, the gap between digitally fluent leaders and operational staff may widen, amplifying existing inequalities in access to creative influence and career progression. Prior research stresses the importance of democratizing access to AI tools and involving diverse stakeholders in implementation processes to prevent exclusion (World Economic Forum & McKinsey & Company, 2018, p. 17).

Moreover, the social implications of AI extend to the public interaction with advertising. As personalization becomes more algorithmically driven, concerns about transparency and ethical communication grow. Adesina (2025, pp. 10-11) warns that AI can compromise creative authenticity and user trust if content origins are opaque or overly engineered. This study reinforced that sentiment by showing how agencies face growing pressure to maintain transparency and protect creative integrity in an environment defined by algorithmic mediation.

Ultimately the research contributes to a broader understanding of how AI adoption can be made socially sustainable in advertising. By foregrounding the agency perspective, it offers practical insight into workforce transformation, emerging competencies, and internal governance mechanisms. More broadly, it underscores that AI integration is not just a technical or economic matter, but a deeply human one. This process affects who gets to shape narratives, whose labor is valued, and how audiences relate to mediated content in an age of intelligent systems.

1.4 Outline of the Thesis

The thesis begins by establishing a theoretical foundation centered on TCT, which explains how organizations adapt their economic coordination and decision-making structures in response to AI-driven transformations. Supporting theories including path dependency and power asymmetries are integrated to illustrate the complexity of these institutional shifts. This chapter highlights the shift from traditional, linear value chains toward dynamic, decentralized value networks. Advertising today, influenced by AI, is best understood as a distributed system of co-creation where roles, responsibilities, and authority are continually reshaped.

Building upon this theoretical grounding, Chapter 3 outlines the methodological approach. It details the qualitative research design, specifically employing semi-structured expert interviews to capture both explicit and implicit professional insights. The chapter describes the interview selection criteria, the structure of the interview guide, and the thematic coding process conducted using ATLAS.ti. It further emphasizes methodological rigor and transparency through careful documentation of ethical considerations, reflexivity in data interpretation, and the strategic use of AI-assisted analytical tools.

Chapter 4 presents the empirical findings, organized around five key functional pillars, strategic planning, creativity, production, distribution, and evaluation. Each section systematically explores how AI-driven changes influence specific organizational roles, team structures, workflows, and coordination mechanisms. Emphasis is placed on how these transformations alter not only specific tasks but also broader professional dynamics and institutional logics within client-agency relationships.

The final chapter, chapter 5 synthesizes these empirical findings, directly addressing the central and sub-research questions. It discusses broader implications for Institutional Economics, particularly TCT, highlighting the emergence of hybrid roles and the redistribution of interpretative labor within creative advertising. The chapter also includes methodological reflections, ethical insights, and limitations of the study. Finally, it proposes directions for future research, such as investigating AI literacy across organizational hierarchies and examining evolving platform infrastructures.

Altogether, the structure of the thesis enables a layered and reflective analysis of AI's impact, not only on how creative advertising is produced, but on who contributes, why certain roles are emerging or diminishing, and how professional meaning is negotiated in a landscape shaped increasingly by intelligent systems.

The following chapter now sets out the theoretical foundations through which these dynamics are interpreted.

2. Theoretical Framework

The integration of AI into advertising raises questions not only about automation and efficiency, but also about the deeper institutional logics that govern labor, coordination, and control. While AI technologies increasingly support tasks such as creative generation, media planning, and campaign optimization (Chan-Olmsted, 2019, p. 204), their adoption may challenge the established arrangements through which labor has traditionally been distributed across the advertising value chain. Understanding these developments requires more than a technical or operational explanation, it calls for a theoretical lens that accounts for how institutions shape economic behavior, work allocation, and organizational decision-making. This thesis approaches these shifts through the broader lens of Institutional Economics, with a particular emphasis on Transaction Cost Theory, supported by complementary concepts such as path dependency, power asymmetries, and technological institutionalism.

2.1 Institutional Economics and the Division of Labor

Institutional Economics provides a macro-level framework for analyzing how formal and informal institutions structure economic coordination, labor systems, and organizational behavior. Unlike neoclassical models that assume rational actors operating in frictionless markets, Institutional Economics accounts for transaction costs, governance mechanisms, and the historical evolution of institutional arrangements (North, 1986, pp. 230-231). This makes it particularly suitable to analyze how emerging technologies like AI may affect roles, responsibilities, and collaboration in the advertising industry.

The field originated with thinkers such as Thorstein Veblen and John R. Commons, who rejected the static, individualistic assumptions of classical economics. Commons (1931) defined institutions as systems of collective action that regulate individual behavior, ranging from informal cultural norms to formal rules like laws and contracts (Commons, 1931, pp. 648-652). From this perspective, institutions not only constrain but also enable economic activity by structuring expectations and interactions between actors.

This foundation was expanded by Douglas North, who conceptualized institutions as the “rules of the game” that reduce uncertainty in human interaction by structuring incentives and limiting opportunistic behavior (North, 1986, pp. 231-233). Central to North’s contribution is the concept of transaction costs, referring to the time, effort, and resources required to search for information, negotiate agreements, and coordinate across organizational boundaries. In

advertising, where campaigns involve complex interactions among clients, agencies, and media platforms, such transaction costs are particularly significant.

TCT, further developed by Oliver Williamson (2000), has become one of the most influential strands within Institutional Economics. Williamson emphasized that institutions evolve as governance structures, formal and informal arrangements that manage risk, reduce uncertainty, and enable coordination in contexts of bounded rationality and incomplete contracts (Williamson, 2000, pp. 595-600). He differentiated between formal institutions (e.g., laws, contracts, property rights) and informal ones (e.g., trust, norms, reputational capital) and showed how both are critical to organizing economic activity.

Applied to labor division, TCT explains not only *why* specific tasks are distributed across different actors (such as clients, agencies, or platforms), but also *how* this distribution is stabilized and justified through institutional logics. In advertising, this includes long-standing practices like retaining agencies for strategic services, relying on media platforms for audience access, and using contracts to formalize campaign development and delivery. At the same time, informal norms, such as expectations of quality, responsiveness, and trust, play a central role in shaping who does what, and why.

Importantly, Institutional Economics also highlights the relevance of historical continuity and path dependency. Organizational routines and role structures are often slow to change, even with new technologies. Once governance models or labor arrangements become firmly established, they may become difficult to reverse or adapt (Williamson, 2000, p. 597). An idea that is especially relevant when considering how agencies respond to AI-driven shifts in client expectations or production capabilities.

Equally important are the power asymmetries embedded in institutional structures. For example, dominant platforms often control critical data infrastructures and set the rules of engagement for advertisers, creating imbalances in coordination and control (Chan-Olmsted, 2019, p. 197). These asymmetries influence not just transactional efficiency, but also shape broader dynamics of authority, visibility, and dependence.

Technological change, such as the diffusion of AI into strategic planning, creative workflows, and performance evaluation, does not automatically disrupt institutional structures, but rather interacts with them in complex, context-specific ways. The effects of AI adoption are mediated by existing contracts, professional standards, trust dynamics, and compliance regimes.

As such, AI may reduce certain transaction costs (e.g., automation of routine production) while simultaneously introducing new forms of uncertainty (e.g., opacity of algorithmic decision-making or unclear authorship in generative content).

Institutional Economics, particularly TCT, therefore, provides a valuable lens to understand how AI may influence labor division not simply by automating tasks, but by challenging the institutional arrangements that govern coordination, trust, and control. While TCT forms the thesis foundation, concepts like path dependency, technological institutionalism, and power asymmetries enrich the analysis by capturing how institutions evolve and how technology mediates power and coordination. The following sections will build on this framework by situating these dynamics within broader industry shifts, from linear value chains to fluid value networks, and by examining AI's role as both a technological and institutional actor.

2.2 From Value Chains to Value Networks

To contextualize the institutional dynamics shaping labor division in advertising, it is helpful to distinguish between two structural models of value creation: value chains and value networks. These concepts offer different perspectives on how coordination, control, and collaboration are organized across organizational systems. While value chains represent linear, firm-controlled processes, value networks emphasize decentralized, interdependent interactions among multiple actors (Kaplinsky & Morris, 2000, p. 4; Lusch et al., 2010, p. 20). This distinction serves as a conceptual foundation to understand how technologies like AI may influence institutional coordination and the allocation of tasks.

The value chain model, popularized by Michael Porter in the 1980s, views value creation as a sequential process in which each activity adds incremental value as a product or service moves from conception to delivery (Porter, 1985, pp. 11-15). In the advertising industry, this logic has traditionally aligned with a hierarchical workflow: clients initiate campaigns, agencies develop creative and media strategies, and platforms or publishers distribute the content to audiences (Horsky, 2006, p. 367). This model presumes stable roles, clear boundaries, and limited feedback during execution. These assumptions have historically served as the basis for contracts, billing models, and agency structures.

However, this model has been increasingly challenged by the rise of digital platforms, data-driven decision-making, and algorithmic coordination. In response, scholars such as Lusch et al. (2010) and Allee (2003) have proposed the concept of value networks. These networks are

dynamic systems in which actors such as clients, agencies, and platforms co-create value through iterative service exchange, data feedback, and adaptive collaboration. Rather than contributing value in isolated steps, actors in value networks interact continuously, often in real-time, with institutional roles that are more fluid and overlapping.

Lusch et al. (2010) define value networks as relational systems where value emerges through reciprocal interactions rather than through linear aggregation. In advertising, this means that campaign success is no longer solely determined by upstream planning and execution, but also by how users engage with content, how platforms optimize delivery, and how data is looped back into future decisions (Lusch et al., 2010, pp. 20-22). The production and evaluation of value becomes closely linked and ongoing.

Verna Allee (2003) further characterizes value networks as systems governed by distributed control, mutual benefit, and shared knowledge infrastructures. Within this framework, institutional arrangements serve not only to enforce control, but also to enable coordination and adaptability across diverse actors. Contributions can be tangible (e.g., content delivery, budgeting) or intangible (e.g., creative insight, brand equity, user feedback) (Allee, 2003, pp. 20-22). In such settings, clients, agencies, and platforms may collaboratively influence campaign outcomes, thus merging the boundaries between production, distribution, and evaluation.

While value chain logic still substantiates many formal structures, such as contracts and billing models, the dominance of platform infrastructures, AI-enabled workflows, and self-service tools is pushing the industry toward a more networked configuration. Labor division becomes more negotiated and dynamic, particularly as actors adopt AI tools to internalize tasks or restructure workflows (Chan-Olmsted, 2019, pp. 207-208). These shifts may not eliminate traditional roles but complicate how transaction costs are distributed and coordinated.

From an institutional economics perspective, the move toward value networks introduces new efficiencies and uncertainties. On the one hand, AI-supported tools reduce transaction costs by automating tasks and enabling direct coordination. On the other hand, the fluidity of value networks can increase uncertainty around authorship, accountability, and institutional control.

In this thesis, the value network is not treated as a competing theory, but as an industry context that supports the application of TCT. It helps illuminate how labor division becomes fragmented and dynamic in an AI-mediated environment, and why coordination mechanisms

must evolve. The next section builds on this by outlining how these shifts materialize in the evolving roles of clients, agencies, and platforms in advertising ecosystems.

2.3 Advertising as an Institutionalized Industry: Roles and Actors

To understand how AI affects the division of labor in advertising, it is essential to examine the industry's institutional architecture, especially the historically stable roles of clients, agencies, and media platforms. Advertising has long been governed by a set of formal structures (contracts, billing models, role definitions) and informal norms (professional expectations, trust relations) that coordinate value creation and role specialization. These institutional arrangements have shaped not only how work is distributed, but also how coordination costs, strategic authority, and creative control are managed across stakeholders (Cronin, 2004, pp. 359-360).

Historically, advertising operated under a value chain logic characterized by clear, sequential labor division. Clients set strategic goals and provided financing; agencies translated these into creative campaigns and media strategies; and platforms (TV, radio, or print) handled distribution. Each actor contributed distinct value at a defined stage, reflecting the industrial-era ideal of specialization and control (Wirtz, 2014, pp. 1046-1047; Cronin, 2004, pp. 351-353).

These arrangements were reinforced by institutional mechanisms such as retainer contracts, standardized pricing structures, and fixed approval hierarchies. Agencies helped reduce transaction costs by coordinating creative work, media buying, and campaign evaluation for their clients. Power was typically distributed hierarchically, with agencies acting as hubs between clients and distribution channels (Cronin, 2004, pp. 359-360).

Over the past two decades, however, these institutional logics have come under pressure. As a result, campaign coordination has become decentralized and flexible. Clients, agencies, and platforms increasingly operate within a fluid, interdependent system, where roles and responsibilities may be negotiated dynamically rather than assigned in advance (Deloitte, 2025, *This year's Digital Media Trends lends data...* section). Many clients, now internalize tasks once delegated to agencies, aided by accessible AI tools, in-house content teams, and integrated performance dashboards. As Iyelolu et al. (2024, p. 253) note, clients increasingly manage personalization, content generation, and performance tracking themselves, thereby challenging agencies' traditional monopoly on strategic and creative expertise.

Agencies, in turn, face growing institutional pressure to clarify or reinvent their value proposition. Rather than functioning as full-service providers, many may increasingly shift

toward roles centered on orchestration, consultancy, or oversight of AI-enhanced workflows. Automation and self-service tools provided by digital platforms are beginning to replace or reduce the need for traditional agency functions, such as media buying and content production. As a result, agencies may need to differentiate themselves through strategic insight, creative direction, or the ability to integrate complex, multi-platform campaigns.

Meanwhile, media platforms, especially dominant digital players like Google, Meta, and Amazon, have emerged as institutional gatekeepers. They control audience access, own data pipelines, and set engagement rules through proprietary algorithms and bidding systems. Their role has expanded beyond distribution, as they define ad visibility, pricing, and success metrics. This evolution can reduce the role of agencies as the primary coordinators for clients (Nieborg & Poell, 2018, p. 4283). By offering end-to-end solutions, platforms streamline transactions but may create new dependencies through data control and algorithmic opacity (ibid., p. 4288).

From an institutional economics perspective, these developments signal a shift in coordination mechanisms and governance structures. Where agencies once acted as transaction-cost reducers and intermediaries, AI and platform tools now offer alternative paths to efficiency, but often at the expense of transparency, trust, and strategic depth. As traditional divisions of labor are renegotiated, questions arise: Who controls the creative process? Who ensures quality and coherence? Who is accountable for ethical, legal, or reputational risks?

Some aspects of value networks are emerging, for example, real-time collaboration among actors. However, these shifts happen within existing institutional rules and are not automatic or uniform. The labor structures in advertising appear to remain strongly influenced by professional norms, contractual practices, and legal governance systems, which may evolve gradually under the influence of technological pressure rather than being replaced entirely.

In sum, the advertising industry is undergoing institutional change. AI introduces new tools and efficiencies, but their integration interacts with existing structures in complex ways. This leads to a transition where roles, responsibilities, and power dynamics are actively redefined. The next section explores how AI works not just as a tool, but as a technological institution, a system shaping rules, behaviors, and expectations within creative work.

2.4 Artificial Intelligence as a Technological Institution

After exploring the institutional structure of the advertising industry, this section shifts the focus to the key technological force reshaping it: artificial intelligence. While often described

in technical terms, such as algorithms, automation, or data processing, AI can also be understood as a technological institution that shapes coordination, decision-making, and labor structures in the advertising ecosystem.

At its core, artificial intelligence refers to the capability of machines or software to perform tasks that typically require human intelligence. These include reasoning, learning, pattern recognition, language understanding, and decision-making. AI is often classified into two categories: narrow AI, built for specific tasks (e.g., facial recognition or recommendation systems), and general AI, which refers to more flexible systems capable of performing a wide range of cognitive functions. AI systems rely on capabilities such as machine learning (for audience targeting and performance optimization), natural language processing (for copywriting, chatbots, and semantic analysis), computer vision (used in analyzing visual content or generating ad creatives), and deep learning (which powers personalization engines and large-scale recommendation systems) (Anantrasirichai & Bull, 2022, p. 5). Together, these technologies form the technical foundation for how AI is deployed across the advertising industry.

In advertising, these AI capabilities are applied in various domains: from programmatic media buying and audience segmentation, to content generation, performance forecasting, and campaign optimization (Chan-Olmsted, 2019, pp. 202-205; Haleem et al. 2022, pp. 123-126). These applications often operate faster and more precisely than manual methods, enabling real-time personalization and continuous performance improvement.

Theoretically, AI can be seen as a technological institution, a rule-setting infrastructure that governs economic behavior. Wagner (2020) argues that AI-driven systems embedded in platforms like Google or Meta determine access to audiences, visibility of content, and allocation of advertising resources. Importantly, these systems are not neutral. They encode institutional logics that influence who gets visibility, how budgets are allocated, and what constitutes campaign success. As such, AI may restructure market coordination by defining how value is created, distributed, and evaluated.

Moreover, AI alters transaction costs, a key concern of Institutional Economics. On the one hand, it reduces costs related to information search, media planning, and performance measurement through automation and predictive analytics. On the other hand, it introduces new types of costs, especially in compliance with data protection laws, algorithmic oversight, and accountability for biased or opaque decision-making (North, 1986; Yu, 2021, pp. 193-194).

AI may reinforce path dependency and institutional lock-in, particularly in ecosystems dominated by large platforms. These platforms benefit from extensive training datasets, network effects, and proprietary algorithms. This makes it difficult for smaller players to compete or for clients and agencies to fully disengage from dominant ecosystems. As Wagner (2020, pp. 123-125) notes, AI systems intensify asymmetries in institutional power and embed new dependencies into existing market hierarchies.

Finally, AI may be reshaping the interpretive frameworks through which labor and value are understood. It challenges traditional definitions of creativity, authorship, and professional expertise. As AI systems become more integrated into content creation and strategic planning, they raise questions about responsibility, originality, and legitimacy. These are issues that are not merely technical but institutional in nature (Erickson, 2024, p. 5).

This conceptualization of AI sets the stage for the next section, which explores its anticipated impact on the division of labor across advertising value networks. Rather than viewing AI as an external disruption, this thesis treats it as a systemic force that is both embedded in and shaping the ongoing transformations in the advertising industry.

2.5 AI's Impact on Labor Division Across Advertising Functions

While the previous sections established the theoretical foundations and historical structure of labor division in advertising, this section applies these insights to examine how AI may influence labor allocation across key functional areas: strategy, creativity, production, distribution, and evaluation. The focus lies on how AI may alter job roles, decision-making authority, and coordination mechanisms among clients, agencies, and media platforms.

Each of the following subsections analyzes one functional area, continuing the use of Institutional Economics as the primary lens, particularly transaction costs, power asymmetries, and platform governance, to explore how workflows and stakeholder relationships are evolving. Special attention is given to how AI may change the incentives and constraints that shape cooperation and role boundaries between actors.

This section aims to offer a detailed, practice-oriented understanding of labor transformations in AI-mediated advertising. It also highlights emerging areas of overlap, tension, or realignment as institutional arrangements adapt to new technological capabilities.

2.5.1 Strategy: AI's Impact on Strategic Roles and Labor Division

Strategic planning is one of the areas where AI may have a notable impact on labor division in advertising workflows. Strategy traditionally involved developing high-level campaign objectives, audience segmentation, brand positioning, media planning, and the orchestration of creative and production teams. These functions were typically managed by agencies and demanded human expertise in market analysis, consumer psychology, and storytelling (Woodside et al., 2008, p. 128).

AI may influence strategic planning by introducing tools such as predictive modeling, real-time data analytics, and automated decision-making. Machine learning, for instance, enables more granular audience segmentation based on behavioral, demographic, and psychographic data (Iyelolu et al., 2024, p. 259). Predictive analytics enable advertisers to anticipate campaign outcomes before launch, improving the efficiency and accuracy of media planning and budgeting decisions (Chan-Olmsted, 2019, pp. 202-204).

Clients are increasingly leveraging AI capabilities in-house, shifting traditional labor balance away from agencies (Horsky, 2006, p. 374). Platforms like Google Ads and Meta's Business Suite offer AI-driven tools for strategic planning, media mix optimization, and performance forecasting, often reducing the need for agency involvement (Iyelolu, 2024, p. 256; Meta, n.d., *Manage your business across Meta technologies* section; Google, n.d., *Automated solutions* section). This internalization reduces transaction costs but also challenges agencies to maintain value in strategic consultancy and creative foresight (North, 1986, pp. 231-233).

Moreover, strategic decision-making is increasingly influenced by institutional constraints such as data governance regulations. The General Data Protection Regulation (GDPR) in Europe, for example, imposes strict conditions on how data can be collected and used for targeting and personalization. This affects how AI is applied in strategic processes and introduces compliance-related transaction costs, which must be managed within the organization (Veale & Zuiderveen Borgesius, 2022, pp. 234-240).

Asymmetries in platform power also shape the strategic division of labor. As McGowan et al. (2024, p. 514) argue, dominant platforms have institutionalized control over media ecosystems through proprietary algorithms and automated bidding mechanisms. According to the authors, this control limits agencies' autonomy in designing and executing media strategies and shifts coordination power toward platforms.

O'Reilly et al. (2024, pp. 4-6) describe this process in terms of “algorithmic attention rents”, whereby platforms monetize user attention and restrict strategic flexibility for other actors. As a result, advertisers operate within narrow decision corridors defined by platform logics, thereby limiting their strategic independence.

These institutional and technological shifts challenge agencies to redefine their strategic roles. Rather than controlling campaign architecture end-to-end, agencies are increasingly repositioned as advisors who translate AI-generated insights into actionable creative and business decisions. Their value lies in bridging human intuition and machine intelligence. This hybrid function demands new skillsets in data interpretation, ethics, and AI tool management.

The next section will explore how AI affects creativity, another historically human-centric domain, by analyzing how generative tools and algorithmic decision-making reshape creative labor and authorship.

2.5.2 Creativity: AI’s Impact on Creative Labor and Authorship

AI’s integration into creative processes is transforming the nature of creative labor in advertising, introducing both opportunities and tensions in how ideas are generated, authored, and executed. This subsection explores how AI tools are reshaping creative roles and responsibilities across the advertising ecosystem, particularly within agencies, but also extending to clients and media platforms.

From an institutional economics perspective, creative labor is governed by a set of formal and informal norms around authorship, originality, and professional roles. Agencies have historically occupied a central position in advertising value chains as the principal producers of creative output. This labor division rested on the human capacity for ideation, storytelling, and aesthetic judgment. However, AI technologies now challenge these traditional competencies by automating aspects of content generation, such as copywriting, design, and video production (Anantrasirichai & Bull, 2022, p. 13). Tools such as OpenAI’s GPT-4 or DALL-E increasingly allow clients and platforms to generate advertising content internally, thereby reconfiguring the role of the agency as creative intermediary (OpenAI, n.d, *What is GPT-4?* section; OpenAI, n.d., *What is DALL-E?* section).

This shift raises significant questions about authorship and intellectual property. Existing legal frameworks are based on the idea that a human is the creator, but AI-generated content often lacks a clearly identifiable author (Hugenholtz & Quintais, 2021, p. 1195). This creates

uncertainty around ownership, liability, and accountability for copyright breach or misinformation. Moreover, reliance on generative AI can undermine creative authenticity and reduce the perceived value of human insight in ideation (Hugenholtz & Quintais, 2021, p. 1203). As such, institutional norms around creative authorship are being destabilized.

The automation of creative tasks may also lead to job role fragmentation. Within agencies, traditional roles such as art directors or copywriters may evolve into AI-enhanced positions like prompt engineers or creative technologists. These hybrid roles require fluency in both conceptual thinking and machine interaction. However, the institutionalization of these new roles is still emerging, and industry norms around competence, training, and career progression are not yet fully established (Erickson, 2024, p. 17).

Beyond agencies, clients are increasingly empowered to bypass creative intermediaries altogether. Platform-based tools like Meta's Advantage+ or Adobe Firefly enable brand managers to develop content on demand, reducing creative lead times and transaction costs (Meta, n.d., *Automate your* campaign setup section; Adobe, 2024, p. 1). This internalization of creativity disrupts traditional coordination structures, shifting control over brand messaging from agencies to clients. Media platforms also gain new authority as creative actors by offering templated solutions and AI-based asset optimization, embedding creative functions directly into ad distribution workflows (Nieborg & Poell, 2018, p. 4288).

These developments reinforce asymmetries in institutional power. Platforms not only distribute content but increasingly define creative parameters through their automated tools, shaping what types of content are visible, valued, or promoted.

To conclude, AI's interference into the creative domain alters not only the distribution of labor but also the institutional norms underlining advertising creativity. Agencies must adapt to remain competitive, balancing technological fluency with human-centric design.

The following section investigates how AI influences the production phase of advertising by automating execution tasks and shifting responsibilities across the advertising ecosystem.

2.5.3 Production: Automation, Disintermediation, and Platform Integration

AI not only affects strategy and creativity in advertising but fundamentally alters the production workflows by automating operational tasks and redistributing responsibilities across the advertising ecosystem. This section explores how AI reshapes production processes, reduces the need for agency-led execution, and accelerates the internalization of advertising operations

by clients. These transformations reflect a broader institutional shift, where power and decision-making move away from traditional intermediaries toward technologically empowered actors.

AI-driven tools such as automated copywriting platforms, generative video software, and design assistants are transforming how advertising content is produced. These tools make rapid content generation at scale possible and may enable clients to handle routine production tasks without agency involvement. As speed and efficiency increase, the traditional boundaries between creative ideation and production execution begin to dissolve. This suggests the emergence of hybrid workflows, where content can be conceptualized, generated, and refined within a single AI-powered environment (Erickson, 2024, p. 25).

From an institutional economics perspective, these changes reduce transaction costs traditionally associated with agency collaboration. When clients rely on agencies for production, costs emerge from negotiating contracts, coordinating timelines, and ensuring quality control (North, 1986, p. 233). AI may reduce these frictions by allowing clients to manage production tasks internally, potentially streamlining coordination and reducing the reliance on third-party oversight. This shift could contribute to the disintermediation of agencies, who may find themselves with diminishing influence over the creative execution.

In parallel, dominant platforms are consolidating their role as infrastructural gatekeepers, reinforcing power asymmetries between platforms and other actors in the ecosystem (Nieborg & Poell, 2018, p. 2476). This consolidation limits the strategic autonomy of agencies and clients, who operate within production environments governed by proprietary standards and opaque optimization logics. Relevant media platforms offer integrated ad creation suites, automated video tools, and performance optimization engines (Deloitte, 2025, *Generative AI and creators* section). As a result, production tasks become embedded in platform infrastructures, leaving agencies with fewer opportunities to intervene or add value. This platformization restructures labor division by giving clients more direct access to content creation and may reduce the agency's role to high-level strategy or oversight. Over time, this may lead to institutional lock-in, as clients become dependent on platform-specific formats, workflows, and content approval mechanisms. This dependency makes it difficult to switch providers or reintroduce external creative partners without resulting in additional coordination costs.

The institutional reconfiguration of production also affects skill demand. As standard production processes become increasingly automated, agencies are shifting hiring practices

toward roles emphasizing AI supervision, prompt engineering, and platform optimization (Erickson, 2024, p.17). These evolving skill demands signal a redefinition of professional competence in advertising production. Institutional norms around what defines qualified labor are shifting toward data literacy, model supervision, and platform fluency. Traditional production roles, such as junior copywriters or video editors, face redundancy unless reoriented toward AI-assisted workflows (Erickson, 2024, p.13). Thus, AI not only alters *where* and *how* production occurs, but also redefines the capabilities needed to participate in advertising labor markets.

Overall, AI appears to reshape the production domain in advertising by automating execution tasks, reducing reliance on agencies, and enabling clients and platforms to assume greater control. This decentralization signals a potential reorganization of institutional control over production workflows. Institutionally, it reflects both efficiency gains through reduced coordination costs and growing structural dependencies on platform-defined systems.

The next section will focus on distribution, examining how AI-driven programmatic technologies are transforming ad placement dynamics, enabling platforms to dominate media access and marginalize the role of agencies in media planning and buying.

2.5.4 Distribution: Platform Power and Automated Ad Placements

This section turns to distribution, focusing on how AI reconfigures ad placement, audience access, and platform governance. It examines the increasing centrality of programmatic systems, the shifting dynamics between clients, agencies, and platforms, and the institutional implications of algorithmic control over distribution channels.

The distribution of advertising content has undergone significant change due to the rise of AI-powered platforms that control media access and user attention. Historically, media planning and buying involved human decision-makers who negotiated placements across broadcast and print channels. These tasks were largely handled by advertising agencies, which acted as intermediaries between clients and media outlets (Horsky, 2006, p. 368). With the emergence of real-time bidding (RTB) and programmatic advertising, however, distribution decisions have become increasingly automated and concentrated in the hands of dominant media platforms (Veale & Zuiderveen Borgesius, 2022, pp. 227-232).

From an institutional economics perspective, these platforms operate as powerful intermediaries that shape market structures through proprietary algorithms and data infrastructures. Their control over distribution is not merely technical but institutional, as they

establish rules, set incentives, and structure coordination between actors. AI facilitates the dynamic allocation of ad placements based on behavioral data, bidding histories, and predicted engagement rates (Ali et al., 2019, p. 199:7). As a result, the traditional agency role in media planning has been substantially reduced, as automated systems now dictate when, where, and to whom ads are shown (McGowan et al., 2024, p. 524).

This shift has several consequences for the division of labor within the advertising value network. First, clients increasingly bypass agencies by directly accessing programmatic platforms through self-service tools, thus internalizing distribution tasks (World Economic Forum & McKinsey & Company, 2018, pp. 7-8). This internalization may reduce transaction costs related to negotiation, scheduling, and coordination among stakeholders. Second, agencies are forced to reposition themselves as data consultants or campaign analysts, offering interpretative expertise rather than direct media placement services (Erickson, 2024, p. 17). Third, the lack of transparency in algorithmic decision-making creates institutional uncertainty, since neither clients nor agencies can fully understand or verify why certain ads appear in specific contexts (O'Reilly et al., 2024, pp. 9-11).

This opacity raises concerns over fairness, bias, and control. Algorithmic distribution systems are optimized for platform profitability rather than advertiser or consumer interests, creating information asymmetries that challenge traditional governance norms. The institutional power of platforms is further solidified through feedback loops and network effects. Platforms collect user data from each interaction, refine their targeting models, and thereby attract more advertisers, reinforcing their gatekeeping position (Nieborg & Poell, 2018, p. 4286).

In conclusion, the AI-driven transformation of advertising distribution is reshaping the labor division in important ways. Platforms are gaining dominance over audience access, while agencies may be losing influence over media planning. Meanwhile, clients are engaging more directly with distribution systems. From an institutional perspective, this reflects the growing centrality of platform governance, reshaping power dynamics and reinforcing structural dependencies in the advertising ecosystem.

The next section examines how AI is reshaping the evaluation of advertising performance, an area increasingly governed by algorithmic metrics and real-time analytics.

2.5.5 Evaluation: AI Analytics and Institutionalized Metrics

While the previous section examined platform control over distribution channels, this section shifts focus to how the same infrastructures shape evaluation mechanisms and define what constitutes campaign success. AI technologies are not only transforming how advertising is created and distributed, but also how its performance is measured and evaluated. The integration of AI into evaluation processes introduces significant shifts in institutional norms, especially in relation to metrics, accountability, and transparency. This section explores how algorithmic analytics reshape what counts as successful advertising, who controls measurement standards, and how these changes affect the power dynamics between clients, agencies, and platforms.

Historically, advertising performance was assessed through relatively standardized metrics such as impressions, click-through rates (CTR), conversions, and return on investment (ROI) (Iyelolu, 2024, p. 258). These indicators allowed agencies and clients to establish common benchmarks and expectations. Institutional Economics conceptualizes these practices as formalized routines that reduce uncertainty and enable coordination between actors in the advertising value network (North, 1986, p. 231). Agencies traditionally played a key role in interpreting these metrics and translating them into actionable insights for strategic decision-making (Horsky, 2006, p. 367).

The emergence of AI-powered analytics challenges this traditional structure by introducing complex and opaque evaluation mechanisms. AI systems now generate insights from behavioral tracking, predictive modeling, sentiment analysis, and real-time user engagement patterns (McGowan et al., 2024, p. 524). While these tools offer a more nuanced understanding of campaign effectiveness, they also obscure the basis of evaluation. As AI models often function as “black boxes”, advertisers struggle to understand exactly how campaign success is being calculated (World Economic Forum & McKinsey & Company, 2018, pp. 11-12).

This institutional opacity has two major implications. First, it complicates transparency and accountability. Because platforms like Google and Meta maintain proprietary control over their AI systems and do not disclose how algorithms operate, clients and agencies must rely on platform-provided performance metrics without independent means to verify or challenge the underlying optimization process (Ali et al., 2019, p. 199:6). As institutional gatekeepers, these platforms effectively set the terms of success, centralizing evaluative power and reducing the strategic autonomy of agencies (Veale & Zuiderveen Borgesius, 2022, pp. 227-232).

Second, AI-based evaluation creates new compliance and governance challenges. For instance, algorithmic personalization and microtargeting must now comply with evolving regulatory frameworks, such as the GDPR, which requires transparency and user consent in data usage. These compliance requirements represent new forms of transaction costs, as defined in Institutional Economics, that advertisers must account for when utilizing AI systems (North, 1986, p. 232). Additionally, the use of sentiment analysis and biometric data raises ethical concerns, particularly around consumer consent, data ownership, and surveillance (Hugenholtz & Quintais, 2021, pp. 1205-1208).

Moreover, AI-driven analytics may influence not just how performance is measured, but also what is considered valuable. For example, as engagement metrics (likes, shares, comments) gain priority over long-term brand equity or cultural impact, the definition of advertising success shifts toward what is algorithmically measurable rather than strategically or creatively significant (Erickson, 2024, pp. 15-16). From an institutional standpoint, this leads to a reorientation of evaluation criteria away from long-established norms and toward platform-defined values. This may reinforce short-termism in campaign design, privileging performance marketing at the expense of brand storytelling.

In sum, AI technologies may be altering the institutional foundations of advertising evaluation. They shift power from agencies to platforms, increase compliance burdens, and alter the conceptualization of campaign success. From an institutional economics perspective, these shifts exemplify how changes in evaluation systems can have far-reaching effects on governance, coordination, and value creation across the advertising ecosystem. Together with shifts in strategy, creativity, production, and distribution, these changes in evaluation further reinforce platform influence over the entire advertising lifecycle.

3. Methodology

3.1 Qualitative Research Design and Expert Interviews

This study adopts a qualitative research design, well-suited for its exploratory aim: to understand how AI is reshaping roles, responsibilities, and decision-making processes in creative advertising. Qualitative research enables the investigation of subjective experiences, situated practices, and institutional dynamics often obscured in quantitative approaches (Johnson, 2001, p. 103; Rabionet, 2011, p. 563). Given the limited empirical grounding and the rapidly evolving nature of AI applications, a flexible and interpretative method is required to identify patterns and meanings that existing data or models may not yet reflect (George, 2023, p. 15).

Within this framework, semi-structured expert interviews were chosen as the primary methodological tool. Expert interviews are defined as focused, qualitative conversations with individuals who possess specialized knowledge due to their professional roles, institutional positions, or accumulated experience (Meuser & Nagel, 2009, pp. 18-19; von Soest, 2022, p. 2). These interviews are particularly valuable for capturing explicit knowledge, such as strategies and procedures, and implicit insights, including unspoken assumptions, informal practices, and professional motivations (Döringer, 2021, pp. 265-266).

While technical aspects often dominate traditional expert interviews, this study emphasized motivations, informal practices, and underlying assumptions, that shape real-world practices and organizational change (von Soest, 2022, pp.1-2). This aligns with recent calls to focus on the contextual nature of expert knowledge.

Semi-structured expert interviews combine structured guidance with the flexibility to explore emergent and unforeseen themes. This allows for a comprehensive and nuanced data collection aligned closely with exploratory research goals (Kallio et al., 2016, p. 2955; Rabionet, 2011, p. 564). Unlike surveys or structured interviews, semi-structured formats ensure participants the freedom to articulate subjective experiences, meanings, and reflections in depth. This results in rich qualitative insights essential for understanding the evolving professional landscapes of AI-driven advertising (Rabionet, 2011, p. 563).

The role of the interviewer is especially significant. Conducting effective interviews requires active listening, skilled probing, empathy, and neutrality (Rabionet, 2011, p. 568; Johnson, 2001, pp. 111-113). Interviews typically began with narrative prompts followed by focused, problem-centered questions. This approach helps uncover implicit expert knowledge,

such as informal decision-making logic, unspoken assumptions, or professional motivations (Döringer, 2021, pp. 268-269).

Ethical considerations are carefully integrated throughout the research design. Participants received a detailed information sheet outlining the study's purpose, their rights, and how their data will be managed and used, to ensure strict adherence to the principles of ethical research practice. Informed consent is collected in writing prior to each interview. Interview data were pseudonymized, stored securely, and deleted at the end of the project (Johnson, 2001, p. 116; Rabionet, 2011, pp. 569-570).

All interviews were transcribed using AI tools and manually checked for accuracy, ensuring a rigorous foundation for thematic coding and analysis (Silverman, 2011, pp. 361-362).

To ensure qualitative rigor, the study followed the evaluation criteria proposed by Tracy (2010). These include rich rigor (in data collection and analysis), credibility (through multivocality and contextual detail), sincerity (via transparency and reflexivity), and meaningful coherence (alignment between theoretical framework, research design, and findings) (Tracy, 2010, pp. 841-848). Together, these principles support a methodologically and theoretically grounded exploration of how AI is changing the professional landscape of creative advertising.

3.2 Validity and Reliability in Expert Interviews

Ensuring validity and reliability in qualitative research, particularly in expert interviews, is crucial for maintaining the credibility and rigor of the study. In qualitative research, validity refers to the accuracy and truthfulness of the findings, whereas reliability relates to the consistency and repeatability of the research process (Silverman, 2011, p. 360).

3.2.1 Validity

In the context of expert interviews, validity is enhanced through methodological transparency, reflexivity, and thematic coherence (Tracy, 2010, p. 843). While triangulation is commonly discussed in qualitative research, it is not applied here due to the single-method design. Instead, this study ensures validity by grounding interview findings in theoretical frameworks from Institutional Economics and engaging in transparent coding practices.

One key strategy to enhance validity is employing a well-structured interview guide that remains flexible enough to accommodate emergent themes. This balance between structure and adaptability allows for capturing both predetermined themes and new insights, thereby

maintaining content validity (Rabionet, 2011, p. 564). Thematic consistency was iteratively checked during the coding process to ensure alignment between the data and developing categories, reducing undue researcher influence (Braun & Clarke, 2006, p. 79).

Potential researcher bias was minimized through transparent coding and awareness of positionality, which is further discussed in section 3.6.4 (Holmes, 2020, pp. 2-3).

3.2.2 Reliability

Reliability was ensured through accurate documentation, consistent interview procedures, and transparency in analysis. A standardized interview protocol was followed, based on the structured yet adaptive framework described by Kallio et al. (2016, p. 2955). This helped reduce inconsistencies in question phrasing and sequencing across participants. Although formal inter-coder reliability checks were not conducted due to the single-researcher scope, codes were systematically applied and reviewed to ensure coherence. Discrepancies or ambiguities in interpretation were resolved through iterative reflection (Holmes, 2020, p. 3).

By integrating reflexivity, methodological consistency, and careful documentation, this study maintains a high standard of validity and reliability within a qualitative framework. These measures help ensure that insights generated from expert interviews are both credible and analytically robust in capturing the evolving dynamics of AI in creative advertising.

3.3 Expert Selection and Sample Overview

This study employed purposive sampling to identify individuals with deep professional experience in the creative advertising industry, particularly in relation to AI-driven transformations. Experts were defined as individuals occupying influential roles within agencies, client organizations, or media platforms who are actively involved in decision-making processes related to advertising strategy, creative development, production, distribution or performance evaluation (Meuser & Nagel, 2009, pp. 18-19).

3.3.1 Criteria for Expert Selection

The following criteria guided the selection process:

1. Professional Role and Experience: Participants were required to hold positions that provide direct insights into how AI is influencing labor division within the creative advertising process. This included creative directors, AI specialists, agency leaders, and strategists.

2. Active Involvement in AI Integration: Experts needed hands-on experience with the implementation or management of AI-supported processes within their organizations.
3. Diversity of Perspectives: To enhance thematic depth, participants were selected from a variety of organizational types and hierarchical levels.
4. Geographical Relevance: Given the study's scope, all experts either work in the Netherlands or have substantial experience in the Dutch creative sector.

3.3.2 Recruitment and Sample Composition

Recruitment was conducted through a combination of professional network outreach and collaboration with the Dutch Digital Design Foundation, which supports connections to innovative agencies and thought leaders (Dutch Digital Design, 2025, *Celebrating outstanding interactive work* section). Additional participants were identified via LinkedIn and direct referrals. Initial contact was mainly made via email, and informed consent was obtained prior to all interviews (Rabionet, 2011, p. 570).

While the initial sampling strategy included agency professionals, client-side marketers, and media platforms representatives, those from client organizations and platforms ultimately declined to participate. As a result, the final sample consists only of agency professionals. This outcome reflects common challenges in gaining access to certain industry actors and is addressed transparently to clarify the scope and boundaries of data collected.

The final sample consists of nine experts with varied roles across creative, strategic, and executive functions. This size proved sufficient for thematic saturation given the depth of interviews and the specialization of the participants. All experts were anonymized and assigned codes that correspond to transcript references used in the results chapter. An anonymized overview of the sample is provided in [Table 1](#) below.

Code	Job Title	Type of Organization	Country or Market Focus
I01	Managing Director, Partner	AI-driven Customer Experience Platform	Netherlands, DACH Region
I02	Managing Director	Global Creative Agency Network	Global (with European and Dutch Market Presence)
I03	Strategy Director	Strategic Design Studio	Netherlands/Europe (International Reach)
I04	Founder, Managing/Creative Director	Immersive Experience & XR Agency	Netherlands/International Clients
I05	Chief Technical Officer, Partner	Strategic Creative Agency	Netherlands/Global (EU & US Focus)
I06	Founder, Creative Director	Digital Strategy & Design Agency	Netherlands
I07	Technical Experience Designer	Data Design & Technology Consultancy	Netherlands/Global
I08	Founder, Chief Technical Officer	Creative Digital Agency	Netherlands/International (occasionally)
I09	Strategy Director	Tech-Driven Brand Agency	Netherlands, DACH Region

Table 1: Participant Overview

3.4 Data Collection and Interview Implementation

3.4.1 Interview Guide Structure and Operationalization

The interview guide was designed around the five identified core pillars of advertising: Strategy, Creativity, Production, Distribution, and Evaluation. This thematic structure enables comprehensive coverage of the labor division across the advertising value network, facilitating both consistency and adaptability (Kallio et al., 2016, p. 2955). The questions were aligned with the theoretical framework derived from Institutional Economics.

The design of the interview guide was inspired by Rabionet's (2011) six-step model for qualitative interviewing, which includes defining the research question, reviewing literature, drafting questions, integrating feedback, pilot testing, and finalizing the instrument (pp. 565-568). In this study, several of these steps were followed in a streamlined form. Initially, the research question was precisely defined to ensure clarity and relevance, guiding subsequent steps in the research design. Following this, an extensive literature review informed a conceptual framework that shapes the initial interview guide, thus ensuring alignment with the study's theoretical grounding (Rabionet, 2011, 565). Questions for the interview guide were intentionally formulated as open-ended and neutral, promoting unbiased, reflective responses that deeply explore participants' subjective experiences and professional insights (Johnson, 2001, p. 111; Rabionet, 2011, pp. 565-566). While expert feedback and pilot testing were not conducted due to scope limitations, the guide was iteratively refined and internally reviewed to ensure thematic clarity and alignment with the study's objectives (Rabionet, 2011, pp. 566-568).

The finalized guide combined narrative prompts with targeted probes, facilitating exploration of strategic, creative, and operational dynamics across the five advertising pillars. The phrasing of the questions aimed to minimize bias and encourage participants to share their perspectives with minimal interference (Johnson, 2001, p. 111). The full interview guide is included in [Appendix A](#).

3.4.2 Conducting the Interviews

The interviews were conducted remotely via video conferencing, due to the experts' preferences and availability. Each session lasted between 45 and 60 minutes, balancing depth of discussion with participant convenience and adhering to methodological guidelines. All interviews were recorded with consent, subsequently transcribed using AI-driven transcription software (Microsoft Teams). Transcripts were manually reviewed for accuracy to ensure data

quality and transparency (Silverman, 2011, p. 362). Files were pseudonymized and stored securely in compliance with research ethics and data protection standards.

The researcher maintained a consistent, neutral interviewing style, using open-ended prompts to let participants reflect freely and guide the conversation. This approach strengthened participant-led narration while ensuring relevant thematic coverage across interviews.

3.4.3 Reflexivity and Researcher Role

Reflexivity was embedded in the data collection process to account for the researcher's influence. Rather than using a formal journal, the researcher actively reflected on assumptions, positionality, and emerging themes throughout the interviews and analysis phase (Holmes, 2020, p. 3). Efforts were made to remain critically self-aware and responsive to potential bias in question framing, interpretation, and interaction. This helped ensure analytical transparency and fostered a more balanced exchange during interviews.

3.5 Data Analysis

The data collected through expert interviews were analyzed using thematic analysis, a qualitative method suited for identifying patterns, themes, and insights within complex textual data (Braun & Clarke, 2006, p. 79). This study adopts an inductive approach, allowing themes to emerge directly from the data rather than being predetermined by theoretical assumptions (Thomas, 2003, p. 3). This approach is particularly appropriate given the exploratory nature of the study and the evolving, under-researched role of AI in the advertising industry.

Although the initial interview guide was structured around five anticipated thematic pillars (strategy, creativity, production, distribution, and evaluation), these categories did not guide the analysis deductively. Instead, they served as a framework during the data collection, while the subsequent coding and theme development remained open-ended. This inductive strategy allowed the researcher to respond to unexpected findings, particularly the emergence of client-agency dynamics as a dominant analytical lens that cut across the functional pillars.

3.5.1 Analytical Procedure

The thematic analysis followed the structured six-phase process outlined by Braun and Clarke (2006) to ensure systematic and rigorous interpretation of the qualitative data:

1. Familiarization with the Data: The researcher immersed themselves in the anonymized transcripts by reading them multiple times, noting initial observations and reflections.

This iterative engagement helped develop a holistic understanding of the content before formal coding (Braun & Clarke, 2006, p. 16).

2. **Generating Initial Codes:** Coding was performed using ATLAS.ti, focusing on identifying semantically meaningful data fragments related to AI-driven transformations in creative advertising. Initial codes reflected aspects such as role adaptation, strategic decision-making, automation boundaries, and AI integration in workflows (Boije, 2010, p. 84). AI-assisted tools in ATLAS.ti were used selectively to enhance, not replace, researcher judgment. Features to surface potentially relevant quotations, identify code clusters, or suggest linkages between related fragments supported the initial coding process. The specific prompt used for *Intentional AI Coding* in ATLAS.ti is documented in [Appendix C](#). However, all final decisions regarding code assignment, theme development, merging, and reduction were made manually. This hybrid approach combines computational support with human interpretation, improving efficiency while maintaining analytical depth. The complete code book, including all applied codes, is provided in [Appendix D](#).
3. **Searching for Themes:** Related codes were grouped to form preliminary themes. These themes captured recurring patterns and were compared across the nine interviews to assess their relevance, saturation, and variation (Braun & Clarke, 2006, p. 20). This phase prioritized thematic coherence and diversity, reflecting the variety of roles, experiences, and organizational perspectives in the sample.
4. **Reviewing Themes:** Themes were examined for coherence and distinctiveness. Any overlapping or redundant themes were consolidated, while themes lacking sufficient data support were revised or discarded (Braun & Clarke, 2006, p. 21). Throughout the review process, codes with low frequency or unclear conceptual focus were merged, refined, or deleted to enhance thematic clarity and reduce redundancy.
5. **Defining and Naming Themes:** Final themes were defined clearly and assigned descriptive labels that captured their core meaning. Additionally, sub-themes were developed to reflect nested patterns, such as distinction between strategic and operational effects of AI (Braun & Clarke, 2006, p. 22). The refined thematic structure ensured analytical depth.

6. Producing the Report: The final stage involved writing a coherent thematic narrative that answers the research questions and its subcomponents. Themes were integrated into a structured interpretation of the data and illustrated with direct quotes from participants, ensuring transparency and grounding of the analysis in the empirical material (Braun & Clarke, 2006, p. 24). Quotes were selected to balance the diversity of views with analytical clarity and are cited in the Results section using anonymized participant codes.

3.5.2 Reliability and Validity in Analysis

While formal member checking or inter-coder comparison was not feasible within the scope of this thesis, reliability and validity were addressed through iterative reflection, thematic cross-checking, and internal consistency (Silverman, 2011, p. 365). All coding was conducted by the same researcher, which supported coherence across transcripts and minimized variation in interpretative decisions.

Discrepancies or ambiguities were resolved through repeated review of raw data, with codes and themes refined over time to reflect evolving interpretations. This recursive process of moving between data, codes, and themes helped ensure that themes captured recurring, meaningful patterns rather than isolated perspectives. The outcome is a transparent and conceptually grounded analysis aligned with the study's interpretative approach.

3.6 Ethical Considerations

Ethical integrity is a fundamental pillar of this study and embedded in the research process. In accordance with established qualitative research ethics, this study attends closely to procedural, relational, and situational dimensions of ethical conduct (Tracy, 2010, pp. 846-847).

3.6.1 Informed Consent and Confidentiality

All participants were provided with detailed information about the study's objectives, procedures, and their rights prior to participation. This includes the voluntary nature of participation, the right to withdraw at any time without consequence, and how data will be stored and used. Informed consent was obtained in writing before each interview, in line with standard ethical procedures (Rabionet, 2011, p. 569). A copy of the informed consent form used in this study is included in [Appendix B](#).

To protect participant anonymity, all interview data were pseudonymized during transcription. Identifying information such as names, company references, or specific projects is

removed or generalized to avoid indirect identification, unless the opposite is requested. Transcripts and recordings are stored on password-protected devices, ensuring secure handling of sensitive data, and are erased after concluding this research project (Johnson, 2001, p. 116).

3.6.2 Ethical Interview Practice

The study ensures that interviews are conducted with empathy, neutrality, and respect for power asymmetries. Given that expert interviews may touch on organizational strategy or professional uncertainty due to AI, interviewees are allowed to skip questions or withdraw at any time. Questions are designed to avoid leading or confrontational language and are reviewed to ensure neutrality and fairness (Döringer, 2021, p. 268).

3.6.3 Data Use and Dissemination

The findings were used solely for academic purposes and shared in aggregated form to prevent identification of individuals or organizations. Direct quotes used in the thesis will be anonymized and selected with careful attention to context and ethical responsibility. Participants will be offered a summary of the findings upon request.

3.6.4 Researcher Positionality

The researcher's positionality, shaped by general interest and prior professional experience with AI, plays a dual role. It provides contextual familiarity and enables more informed probing during interviews. It also carries a risk of interpretative bias. To mitigate this, the researcher adopted a reflexive stance and remained attentive to assumptions and potential blind spots throughout the process. The use of problem-centered interviews also helped reduce surface-level responses and encouraged deeper engagement with implicit and experimental knowledge (Döringer, 2021, p. 268).

As an outsider to the industry but with domain knowledge, the researcher occupies a hybrid positionality, neither fully emic nor etic. This dual positioning offers critical distance while also enabling rapport with participants. Nevertheless, the influence of identity factors such as age, gender, and perceived expertise on participant responses is acknowledged and critically assessed (Holmes, 2020, pp. 5-8). By foregrounding reflexivity and being transparent about positionality, this study enhances both ethical integrity and interpretative validity of its findings.

4. Results

This chapter presents the key findings from expert interviews with leaders of creative agencies and strategic design studios navigating the AI integration into their work. The analysis is organized into five thematic pillars: systemic transitions, strategy, creativity, production, and evaluation. Each pillar captures distinct yet interconnected shifts in how agencies structure their roles, deliver value, and collaborate with clients in an increasingly automated environment.

While the original research framework included distribution as a potential area of analysis, this pillar is not treated separately. Across interviews, distribution and platform strategy were rarely emphasized. This absence itself is analytically significant, suggesting not just limited attention but a deeper industry blind spot. Media platforms, despite their infrastructural power, have become taken-for-granted actors in AI-mediated workflows. Their role in shaping audience access, targeting, and evaluation is pervasive but often invisible. This points to institutional normalization of platform governance, which may disguise accountability and reinforce asymmetries in data access and decision-making.

The most immediate and visible effects of AI appear within the client-agency relationship. One of the strongest patterns to emerge is a redefinition of how these parties relate. AI appears to be accelerating a shift away from stable, long-term partnerships toward more situational, transactional collaborations. Strategic trust, authorship, and creative direction are increasingly co-negotiated, not only through interpersonal dynamics but through tooling, automation, and differential AI fluency. Rather than being directly disrupted by platforms, agencies face internal pressure to adapt: they are renegotiating legitimacy, value propositions, and professional boundaries in response to client autonomy and AI adoption.

This chapter also traces how AI-driven shifts in one functional area (e.g., production) impact others (e.g., evaluation and trust). For instance, automation in production may reduce turnaround time but also increase uncertainty around creative authorship and quality assurance. This can raise transaction costs linked to coordination. Likewise, shorter strategic planning cycles affect how creative labor is valued and evaluated. These interrelations suggest a broader institutional shift from linear, role-stable value chains to dynamic, AI-mediated value networks marked by overlapping responsibilities, fragmented authority, and evolving expectations.

The following sections trace this shift, from high-level redefinitions to the functional impacts of AI on planning, ideation, execution, and evaluation. While organized thematically for

clarity, the findings emphasize the fluidity and interdependence of these domains. AI reshapes not only individual tasks, but how labor is coordinated, trust is built, and value is created across the creative advertising ecosystem.

4.1 Systematic Transition: Evolving Client-Agency Coordination

AI is accelerating a broader institutional shift in client-agency relationships. Long-standing dynamics of trust, control, and collaboration are giving way to more fragmented, transactional relationships shaped by tooling and pace. These shifts reflect not just changes in workflow, but transformations in coordination mechanisms, norms, and institutional logics that govern the client-agency interface. This pillar explores how agencies are navigating a redefinition of their role. In fact, no longer just as creators or executors, but as strategic partners negotiating expectations, authorship, and accountability in an AI-mediated environment.

While this study explored the potential for platform-driven automation to disrupt strategic agency work, interviewees did not identify platforms like Meta or Google as direct threats to strategic judgment or planning. This absence is analytically significant: it suggests that AI-related disruption is not primarily experienced as external displacement by platforms, but as internal pressure within the client-agency dynamic. In institutional terms, the coordination costs, uncertainty, and role negotiation are centered on how clients and agencies interact, as their established ways of working are being reconfigured.

4.1.1 Client-Agency Dynamics: Redefining the Relationship

The emergence of AI in creative workflows is reshaping foundational client-agency dynamics. What once rested on long-term, trust-based relationships is giving way to more situational, fragmented engagements. Pillars like trust, clarity, and control are being redefined as both sides adapt to a faster, tool-driven environment. Relationships have become more conditional and variable. “It’s going to be a different answer for each of our clients. Because if you look at clients, it depends very much on the type of relationship you have”, one strategist remarked (I02, line 34). This reflects a shift from path-dependent, institutionalized partnership models to modular collaborations, shaped by new AI capabilities and growing client maturity.

Strategic collaboration now happens in bursts, often tied to high-stakes decisions like repositioning. “You don’t want to do positioning or repositioning every year, right? [...] That is an exercise that is very collaborative. But you don’t do it that often” (I02, line 47). In these

contexts, agencies operate less as embedded partners and more as consultants. This episodic mode introduces uncertainty around roles and value. It raises the coordination costs that Transaction Cost Theory refers to in project-based relationships.

As AI tools enable clients to generate insights, draft briefs, or simulate concepts, they increasingly shape direction. “Briefings get more extensive, because clients already use AI [...] so part of this strategic thinking, maybe it moves a little bit more to the client”, one respondent noted (I08, line 61). The result is not a full transfer of control, but a renegotiation. Clients enter with more ideas, requiring agencies to recalibrate their role. Institutionally, this reflects a redistribution of interpretative labor. Agencies must reclaim value not by initiating strategy but by refining and aligning it with brand narratives.

That recalibration includes making space for AI itself. “I think it’s more than a tool. It’s a team member”, one participant stated (I02, line 250). Another added: “It’s like I have 25 team members constantly ready to work” (I06, line 413). These perspectives reframe AI as an additional actor in the relationship. This introduces a third axis of coordination between clients, agencies, and the machine, adding complexity to authorship and decision-making. From a transaction cost perspective, it introduces uncertainty to human-machine collaboration, not just to human-to-human interaction.

These changes demand new literacy on both sides. “The skill of being able to collaborate with the machine [...] and interpret what these machines do [...] I think it’s quite important” (I05, line 224). Agencies must understand both client goals and machine influence, acting as translators across human and algorithmic input. Bridging technical outputs with strategic needs has become a key source of agency legitimacy.

Unrealistic expectations also create pressure on timelines and deliverables. “It will take them another maybe six months until they would come up to us like, hey, you should be able to do this thing in like four hours because everybody else is going to do it”, one creative director remarked (I05, line 175). This reflects an emerging “expectation asymmetry” between what AI is assumed to deliver and what is feasible, creating gaps between projected savings and coordination realities.

Yet not all change is counterproductive. “We always need input from the client [...] and we’re entering a point of, sort of, same level playing field sooner, because of this tooling” (I09, line 52). Clients contribute earlier, and agencies respond with strategic refinement. Clients now

enter with more predefined ideas, often shaped by AI tools. Agencies reinterpret these inputs to add value. Co-creation becomes a real-time dialogue, flattening hierarchies but requiring agencies to maintain control over meaning and alignment.

In a diffuse creative environment, human judgment remains the differentiator. “Not anyone can prompt [...] You still need film and imagery thinking and qualities more than ever” (I06, 170). As another strategist puts it, “They hire us to do something that they can’t do themselves. So, they don’t care how we do it” (I07, line 287). This reinforces that agency legitimacy depends less on proprietary methods and more on narrative quality and coherence. Both still require human interpretation.

Ultimately, the client-agency relationship is not dissolving, but evolving. AI challenges legacy models of control and authorship while creating new opportunities for collaboration. Agencies that succeed are those that shift from delivering outputs to making sense of them, offering guidance and interpretation within workflows increasingly shaped by automation.

4.1.2 Trust Dynamics: Fragility and Foundation in the AI Age

As AI becomes embedded in creative workflows, it changes not only how work is done but also how trust is built and sustained. Agencies describe an environment where automation introduces legal, ethical, and procedural uncertainties, and where trust must be continuously earned rather than assumed. In this shifting landscape, innovation must be balanced with responsibility, and expectations around transparency and control renegotiated.

One major source of fragility lies in legal and ethical uncertainty. Several participants highlighted client concerns around data privacy and intellectual property. “Our take is that we don’t put client data in because that’s of course not a great idea [...] it will steal things”, one strategist explained (I03, line 198). Another added, “Particularly worries about legal impacts, whether or not their secrets go into the training data” (I05, line 33). These concerns point to a lack of institutional safeguards and the absence of common standards around AI use. In transaction costs terms, these uncertainties raise the risk of misalignment and opportunistic behavior, encouraging agencies to take on more responsibility as ethical stewards to sustain trust.

Opacity further complicates trust. “But how it exactly functions, nobody knows, not even the makers itself” (I06, line 369). This black-box nature makes clients hesitant and agencies cautious, requiring trust to be built through relationships rather than system transparency.

Creative rigor also suffers when AI is overused or under-scrutinized. “Sometimes it’s too quickly, too easy to get an AI summary [...] you start losing your mental map” (I05, line 360). Agencies warned that overreliance on shortcuts lower standards. One described how reused content led to reputational risk: “It basically went to the similar named client [...] stole the headline and slightly tweaked it [...] we learned our lesson” (I03, line 203). To rebuild trust, agencies are repositioning as curators and ethical guides. “We have an obligation [...] with great power comes great responsibilities [...] ethical usage of AI is our starting point”, one leader noted (I06, line 59). This means showing restraint, avoiding overpromises, and being transparent. These practices support stability and shared expectations in a rapidly evolving environment.

Trust also hinges on creative judgment. Clients may generate content, but they still rely on agencies to identify what aligns with brand identity. Some even simulate critique: “You can say, you are a 12-year-old school kid” (I06, line 158). Still, human curation remains vital when AI output outpaces discernment. This reinforces interpretative labor as a coordination function that filters and legitimizes outputs in AI-heavy workflows.

In sum, trust in the age of AI is fragile but not lost. Agencies that lead with ethical clarity, creative judgment, and transparency are best positioned to remain credible. In today’s shifting landscape, trust is no longer secured by past reputation or contracts but actively maintained through ethical practice and interpretative expertise.

4.2 Strategy: Evolving Authority in Planning and Value Creation

According to participants, AI is prompting agencies to reassert and reconfigure their strategic value. While clients are empowered by tools, they still rely on agencies for guidance, clarity, and synthesis. Strategy is no longer about delivering fixed plans, but about flexible frameworks, advising on tools, and curating direction. This section explores how strategic authority is being renegotiated, how agencies maintain relevance not through control over deliverables, but by enabling adaptability, interpretation, and tool literacy in fluid client environments.

4.2.1 Agency Expectations: Evolving Demands in the Age of AI

Across the interviews, a clear shift emerges in how clients define and demand value from agency partners. The traditional focus on creativity and efficiency is no longer sufficient. Agencies are now expected to provide strategic guidance, technical fluency, and continuous proof of value. This shift appears closely tied to AI’s rise in client-agency dynamics. Several

interviewees emphasized that value can no longer be assumed, it must be demonstrated. As one Dutch agency explained, “it’s important to prove the value of working with an agency. Not saying what the value is but prove it” (I06, line 131). This marks a shift from reputation-based to performance-based legitimacy, where agencies must signal usefulness to justify involvement.

AI expectations shape how timelines and value are perceived. “They would expect more to be done in less time”, one executive stated (I05, line 256), underlining a growing assumption AI should increase speed and reduce costs. While some clients ask about AI capabilities, others focus on outcomes. “They don’t care how we do it. Because it’s not their expertise” (I07, line 288). Still, agency partners must demonstrate adaptability and AI literacy, a new professional credibility. AI fluency is now part of institutional legitimacy: clients expect agencies not only to deliver but to understand and optimize tools shaping the work.

Importantly, AI has not replaced human judgment, it has intensified it. “You can generate a million of things. So, you need a kind of art director or curator. A curator who curates the output [...] and translates it into the story”, a strategist emphasized (I01, line 135). Interpretative labor has become a key form of value creation, requiring human expertise to align machine outputs with strategic goals. Agencies that rely solely on production roles may struggle to differentiate themselves as clients gain speed and independence through AI tools.

Beyond execution, agencies are using AI to support validation and originality. One shared how they cross-validate, “three solid headlines, but we took them back into GPT [...] make sure this doesn’t already exist out there” (I03, line 167). Others are consulted on AI integration: “Clients [...] asked for like can you do maybe a two-week sprint on how can we integrate AI in this platform?” (I07, line 182). These examples signal a shift toward innovation consulting, reinforcing agency relevance. The emotional tone of client relationships is also shifting. “There is not that much loyalty because it’s just a service. Like taking an Uber”, one respondent remarked (I01, line 275). This reflects a broader shift from relational to transactional governance, where differentiation depends on tool expertise, speed, and situational insight.

What clients now define as valuable is less about craft and more about clarity: strategic foresight, technical agility, and the ability to navigate complexity. Agencies that fail to demonstrate these attributes or rely too heavily on traditional production services risk being left behind in a field increasingly influenced by AI-shaped.

4.2.2 Strategic Planning: Guiding Clients Through Uncertainties

As AI reshapes the creative landscape, strategic planning is no longer a fixed blueprint. Agencies are still expected to lead, but leadership now requires flexibility, technical fluency, and interpretative skills. Planning has become more iterative, tool-enabled, and co-developed, demanding both speed and discernment. Interviews suggest that agencies' strategic role is being redefined rather than diminished. Institutionally, agencies now reduce uncertainty not through control, but by enabling decisions in fast-changing and data-saturated environments.

Most participants agreed that the foundational logic of strategy remains intact. "The process that we take [...] might be a little shorter or a little improved but the general strategic process [...] is more or less the same", one strategist explained (I05, line 133). Practices like discovery and positioning persist, but timelines are compressed. AI tools accelerate research and change when strategy occurs. Clients increasingly expect agencies to help define what strategy even means today. "We are the ones who create the templates [...] hand them to our clients and say go forth. We make the voice and tone guide [...] campaign structure" (I03, line 256). Rather than fixed roadmaps, agencies now offer frameworks for experimentation. This makes coordination easier but expands the agency's role in interpretation.

Challenging AI-shaped assumptions is now central to strategic work. "Clients use AI to determine their question but then we come and reframe the question" (I06, line 113). This ensures that the human perspective mitigates the machine-generated ideas. When clients bring internally generated drafts, they receive interpretative clarity and creative rigor. Agencies are also increasingly consulted on tool strategy. Some clients now request short innovation sprints, exploring how AI could be integrated into existing platforms (I07, line 182). Tool literacy now overlaps with strategic insight. As planning shifts upstream, prototyping and production are no longer downstream tasks. Strategy overlaps with execution, with prototyping sometimes starting earlier in the process. This may reflect a shift away from linear value chains to flexible, iterative processes requiring smarter coordination.

Remaining strategically relevant means staying ahead of tool evolution. "I am worried that people are making fun of us because you're a traditional digital agency that doesn't know how to prompt" (I05, line 238). The message is clear: agencies must not only guide ideas but also lead in tool adoption and experimentation. Today, planning is less about setting a single direction and more about designing responsive decision-making structures. These must be

grounded in insights, supported by technology, and shaped by human discernment. “As a strategist your job is basically to think. And if you outsource it, then what’s the point?” (I03, line 173). Strategic authority no longer comes from having all the answers, but from asking the right questions and navigating what comes next. This marks a shift from knowledge ownership to process orchestration, a form of institutional value grounded in adaptability and judgment.

4.2.3 Decision-Making: Between Intuition, Data, and AI

AI is reshaping how decisions are made within creative agencies and client relationships. Rather than replacing human judgment, AI tools are increasingly embedded to test ideas, identify patterns, and accelerate research. However, participants emphasized that intuition and expertise remain critical. As one interviewee put it, “We are not data-driven but data-informed” (I01, line 33). The distinction signals a cautious but pragmatic approach: AI may guide decisions, but it does not make them. Agencies frame AI as a means to support, not substitute, strategic thinking.

Participants described AI as a supportive tool, especially useful for early validation or directional input. “So, it can be kind of helpful in a broad sense of sorting out things that are really bad, that you haven’t seen yet” (I03, line 93). These tools help filter noise or surface blind spots, offering breadth rather than depth. Still, their insights must be contextualized. “You still need your specialism or your knowledge to get the right stuff out of it”, one respondent emphasized (I01, line 46). Whether drafting copy, testing positioning, or simulating feedback, AI output requires human expertise to ensure alignment with brand, context, and originality. In institutional terms, human interpretation helps maintain trust and avoid misunderstandings.

Some warned that over-trusting AI in fast-paced environments can be risky. “We sometimes, quite too quickly, blindly trust the output and [...] we start missing information” (I05, line 361). While AI accelerates decision-making, it may also lead to shallow or misaligned outcomes. These limits reinforce the importance of human input when decisions require interpretation, nuance, or ethical awareness.

Research is changing too. “I like Perplexity [...] because it provides you with sources [...] I can then explore on my own [...] and so I come to my own assumption” (I07, line 129). AI accelerates exploration, especially under tight timelines, but interpretation remains a human responsibility. As one strategist noted, “We translate the insights [...] They have their own dashboard with data, and we provide insights on the data” (I01, line 305), reinforcing the agency’s role in turning raw input into contextual understanding.

The boundaries between AI-assisted input and human-led decisions are most visible in strategy. One strategist questioned outsourcing core thinking to AI, highlighting that strategic value originates from human interpretation (I03, line 173). AI supports ideation and analysis, but the final framing and nuance remain human. As one strategist put it, “I can come up with my own dots [...] generative AI can really quickly come up with more dots, but [...] I will do the connecting of the dots” (I07, line 273). From a transaction cost perspective, agencies reduce uncertainty by filtering and interpreting AI outputs before final decisions are made.

In sum, AI is now part of the decision-making process, offering speed, pattern recognition, and feedback. But the final call still depends on human creativity, originality, and judgment. While AI may shift how decisions are informed, it has not replaced the interpretative labor on which strategic authority depends. Agencies that respect this boundary, and help clients to do the same, are best positioned to use AI wisely without losing depth.

4.3 Creativity: From Craft to Curation

AI is expanding creative possibilities but also reshaping what it means to be creative. Interviewees emphasized that originality, brand coherence, and interpretation remain human responsibilities. As clients use AI for ideation, agencies are repositioning as curators, translators, and ethical guides. This section explores how creative labor is being reframed, as agency value shifts from production to interpretation within increasingly AI-mediated workflows.

4.3.1 Client Autonomy: AI as a Catalyst for Independence

With the rise of AI, clients are reclaiming tasks that once required agency support. From crafting briefs to generating visual assets, the boundaries between agency and client responsibilities are being redefined. This growing autonomy reflects not only access to tools, but also a mindset shift, where clients feel increasingly equipped to create, decide, and direct without traditional mediation. Institutionally, this signals a redistribution of creative authority and a reconfiguration of coordination routines.

Agencies noted a growing volume of client-initiated content, often shaped by AI tools. “There are some clients who say, hey, here’s some messaging [...] and you can immediately tell that it’s GPT”, one strategist observed (130). These early inputs may lack refinement but mark a shift in how clients shape creative direction. AI also helps clients articulate their thoughts more clearly: “Clients can put their thoughts better in words, and also their feedback. So, they also use

AI as their companion”, one interviewee explained (I06, line 214). This added clarity can deepen collaboration but shifts agencies toward later-stage involvement, repositioning them as curators and validators. They must assess and shape incoming ideas while maintaining brand consistency.

However, client autonomy is uneven. “If a client is mature [...] they will start adopting AI [...] If a client is still starting from Excel [...] then they are far far away” (I01, 78). Digital maturity determines how independently clients can operate. Some are eager experimenters, generating visuals or developing strategic concepts. “Clients created images with AI and then they worked with AI projection studios”, one creative director recalled (I08, line 214). Others rely on agency support, constrained by tools, culture, and fear of failure. “Most clients don’t have a culture of innovation. They have a corporate culture in which failure is being punished [...] That’s a big difference” (I06, line 263). This uneven adoption forces agencies to adapt their roles, shifting between advisor, collaborator, and creator depending on client maturity.

Strategic input is also shifting upstream. “Briefings get more extensive, because clients already use AI [...] So part of this strategic thinking, maybe it moves a little bit more to the client” (I08, line 62). Some use AI to pre-test campaign concepts, even role-playing direction before involving an agency. “You can ask, for instance, a tool like GPT to be the role of a creative director” (I06, line 155). These behaviors reflect a rebalancing of labor, where ideation is no longer solely the agency’s domain. However, agency’s expertise remains critical in refining and aligning these early-stage ideas with brand and audience expectations.

At the same time, autonomy is changing how clients perceive agency offerings. “Customers are getting used to that things can be done by themselves. They can be done quicker, so cheaper, so they get more picky on proposals you create” (I08, line 110). As more tools enter the market, clients evaluate agency contributions with greater rigor. Budget sensitivity is rising, and the assumption that clients can do more work internally places added pressure on agencies to clearly demonstrate value. It reflects a broader shift from relational to transactional expectations, where speed, price, and tool fluency shape perceptions of value.

In sum, AI is not replacing agencies, it is redefining the terms of engagement. Clients are more empowered, especially in early-stage ideation and experimentation. But that empowerment does not negate the need for agency guidance. Autonomy may be rising, but judgment, synthesis, and strategic coherence remain the territory of experienced professionals.

4.3.2 Organizational Shifts: Changing Roles and Capabilities

The integration of AI into agency workflows is not just changing how work is executed, it is reshaping who does it and which capabilities are seen as essential. Across interviews, participants described how roles, structures, and expectations are evolving in response to tool adoption and changing demands. AI is not replacing creativity but pushing agencies to rethink legacy hierarchies and elevate human judgment, adaptability, and tool fluency. Professional value is now tied to more by interpretative, ethical, and cross-functional capabilities.

At the core of this shift is the creative role itself. While AI enables vast volumes of content, it cannot distinguish what's meaningful. "You can generate 1000 images, but you probably can't assume which ones are good and which ones aren't" (I07, line 293). In this context, creative value lies not in output generation, but in curation, interpretation, and refinement. That discernment is grounded in expertise and intuition. As AI automates execution, creatives are repositioned as editors and qualitative judges. Their work becomes less about making from scratch and more about navigating meaning with precision. This reframing positions creative labor as interpretative infrastructure, not just production capacity. As one creative professional put it, "I know what is good and what isn't good [...] that's sort of what I trust myself in as a creative professional" (I07, line 272).

Strategists and technologists are undergoing a similar transformation. The strategist's job now centers on synthesis: linking insights, understanding tool limitations, and shaping direction. One strategist remarked that while AI can expand the range of ideas, interpreting and connecting insights remains a human responsibility (I07, line 273). As another interviewee noted, "They're really good at generating language and connecting semantic meaning [...] but still you as a human identify quality [...] they're not human, it's not human intelligence" (I07, line 266). Strategic value lies in knowing when to use automation, and when not to. This becomes a key aspect of judgment and reinforces the strategist's role as an interpreter of context. Agencies are restructuring workflows toward iterative cycles that blur the line between strategy and execution, requiring earlier collaboration and cross-role fluency.

Strategic leadership is evolving in parallel. Ethical awareness is no longer a legal afterthought, it is embedded into strategic thinking. One participant emphasized that AI adoption must begin with a strong ethical commitment, acknowledging the responsibility that comes with using powerful tools (I06, line 59). Leaders are expected to guide not just creative direction but

also responsible tool adoption, experimentation, and transparency with clients. Ethical leadership supports institutional trust, especially when automations risks making accountability less clear.

In sum, AI is prompting a broad redefinition of roles and internal capabilities. Agencies are not replacing people with tools but elevating those who can use tools wisely. The future of agency work is less about automation and more about augmentation. Competitive advantage will come from those who can frame and govern AI use with interpretative insight, rigor, and ethical awareness, not through speed alone.

4.4 Production: Automation, Acceleration, and Oversight

While creativity is becoming more fluid, production is becoming more structured and accelerated. AI may be compressing timelines, streamlining workflows, and replacing some formerly outsourced tasks. But human input remains essential to ensure quality, coherence, and meaning. This section explores how AI is reshaping production by merging phases, changing coordination patterns, and shifting where value is created within the workflow.

Although platform automation was anticipated to disrupt agency production roles, interviewees only briefly mentioned tools offered by major platforms like Meta or Google. The idea that full execution would be absorbed into platform ecosystems did not emerge as a central concern. This absence suggests that, for now, disruption is more internal than platform-driven, with automation reconfiguring in-house practices rather than external control.

4.4.1 Workflow Impact: How AI Restructures Work

AI's influence on agency operations extends well beyond ideation or output. It appears to be reshaping workflows. Interviewees described a field in motion, with shifts in task sequencing, collaboration patterns, production speed, and process design. As tools evolve, how work is planned, delivered, and evaluated must also adapt. While these changes bring gains in efficiency and experimentation, they also introduce new risks around quality control and structural durability. From an institutional perspective, agencies are adjusting production practices to capture the benefits of automation while managing increased coordination complexity.

The impact is particularly clear in lower-funnel content. This refers to marketing materials aimed at driving immediate actions, typically closer to the point of conversion. Tasks that once were labor-intensive or outsourced are now automated. "We already generate video images for kind of like lower-funnel [...] like the simpler video and stuff. That's all generated",

one creative lead shared (I02, line 126). Streamlining repetitive production enables agencies to shift attention to higher-level creative and strategic work.

AI also changes the production timeline. “The production phase will start maybe already in the [...] traditional strategic phase [...] with rapid prototyping”, one strategist explained, capturing how role boundaries are increasingly blurred (I09, line 26). This highlights a shift that affects how roles are defined, and production timelines unfold. The handoff between strategy and execution becomes more fluid. As prototyping accelerates, strategic decisions evolve mid-process, challenging linear workflows and demanding tighter cross-functional collaboration. Internally, agencies must continually adapt processes to keep up. “You need more time [...] to restructure and refine your process every [...] let’s say every month” (I08, line 166). The pace of tool evolution has made workflow refinement a constant, not periodic, effort. “People are switching weekly, this week we’re on Claude 3.7, next week we’re on Gemini 2.5, then we’re on GPT 4.1” (I08, line 186). This agility also demands new roles focused on experimentation and process optimization. As one strategist speculated, “Maybe in the future it will be called the AI efficiency manager” (I09, line 173). These evolving positions reflect a shift toward institutionalizing adaptability as a core organizational function.

Automation has also redefined production economics. With the use of AI, agencies are internalizing tasks that were previously outsourced, often reducing costs while increasing control (I02, line 172). “I can now tackle five, six briefs at the same time [...] together with GenAI I’m working on it” (I06, line 402). This expands agency capacity without increasing headcount and shifts how teams scale and deliver. Such changes reduce external transaction costs, while introducing new internal coordination needs.

Cognitive fatigue is another concern. “It really speeds things up, but it also creates more demand time wise and also from a mental perspective” (I08, line 193). With constant platform switching, short iteration cycles, and tool saturation, teams face rising cognitive load. The expectation to be faster, and smarter, increases pressure across all roles. This highlights the emotional and cognitive costs of accelerated production environments, which can undermine long-term performance if not addressed.

Yet despite the risks, AI is clearly enhancing experimentation. “The pace of experimentation and proof of concept has gone up [...] things that otherwise stay on the idea shelf, definitely has speed up” (I05, line 352). Tools now make it cheaper and quicker to try

things, which lowers the cost of failure and enables faster testing and feedback. This shift favors short loops and rapid adjustments over long planning cycles. Experimentation has become a central component of creative processes, not an isolated step.

In sum, AI is not simply part of the workflow, it may be reshaping the workflow itself in ways that collapse phases, compress timelines, and blur roles. While these shifts create new opportunities for agility and iteration, they also demand careful management. Success depends not only on adopting tools, but on designing workflows that balance speed with quality, coordination with autonomy, and automation with human oversight.

4.4.2 Production Change: Redefining Execution through AI

AI may be fundamentally altering how production work is executed in creative agencies. While traditional pipelines remain, they are being restructured. Workflows are accelerated in some areas, automated in others, and increasingly shaped by prompt-based interfaces. Across the interviews, participants highlighted that lower-funnel content is now frequently AI-generated, prompting new questions about speed, oversight, and creative value. Production is evolving from manual execution to a more orchestrated process centered on prompting, curation, and oversight.

One of the most significant shifts is the automation of simple asset creation, with agencies increasingly generating basic visual content for lower-funnel tasks (I02, line 126). Banners, animations, and short videos are now produced more quickly and affordably through generative tools. This allows agencies to deliver more under tighter budgets, especially for campaigns that require high-volume outputs.

But even as speed improves, quality is not guaranteed. “You can still, at this point, see the difference between handcrafted stuff that we made and generates stuff“ (I02, line 136). AI output may be fast and scalable but often lacks the nuance of human-made work.

Under tight timelines, some agencies rely more heavily on AI despite these limits. “If it’s a really, really tight budget, I’ll lean more heavily on AI because it can go so much faster” (I03, line 147). Here, speed often predominates depth, which results in a trade-off that creative teams must actively manage. It highlights a tension between cost-efficiency and creative uniqueness.

Rather than replacing creatives, AI transforms their role. As one developer noted, “I’m just delivering code a bit faster [...] creating a little bit more time for me to actually focus on the craft details” (I05, line 247), highlighting how automation enables deeper attention to quality. “Instead of creating content, they’re writing prompts to create content. So, it’s more kind of art

direction” (I01, line 130). Prompting becomes a critical skill, but translating that output into brand-aligned, meaningful content remains a human task, especially since AI often produces generic results. “AI makes it often a bit more genericish [...] whereas the creative is able to pull out and translate that to something else” (I05, line 198). Without creative oversight, there is a risk of mediocrity. “AI won’t replace creatives, but only mediocrity [...] all the output is like a baseline average of all it knows” (I07, line 301). Human judgment is what elevates raw material into meaningful communication. This shift elevates the creative role from producer to interpreter.

AI plays a growing role in early-stage ideation and previsualization. “Make me some placeholder images [...] much better than when I used to draw stick figures” (I03, line 217). These tools enable fast concept sketching, helping teams explore directions without committing to full production. This blurs the line between ideation and execution, especially in agile workflows. As concepting and production narrow, creative agility becomes a key differentiator.

On the other hand, clients are leveraging AI too. “Clients created images with AI and then they worked with AI projection studios”, one creative director recalled (I08, line 214). This signals increasing client independence, particularly for straightforward production tasks. Yet agencies continue to offer essential value in creative interpretation, strategy, and quality control. Client autonomy may rise, but agency credibility rests in curatorial and strategic expertise.

In sum, AI is transforming production. It makes it faster, cheaper, and more iterative. But these benefits do not inherently improve the work. The role of creatives is shifting from execution to curation, from making to meaning. Agencies that can guide, filter, and elevate AI-generated outputs will remain essential, as they ensure creative work is not only efficient but also relevant, distinctive, and aligned with the brand.

4.5 Evaluation: Rethinking Metrics and Accountability

As AI changes how content is made and delivered, it also complicates how success is measured. Attribution is less reliable, metrics are fragmented, and traditional feedback loops are breaking down. Despite new tools, agencies often fall back on user testing, client feedback, and indirect indicators to demonstrate value. This section explores how agencies are adapting evaluation practices to maintain credibility in a data-saturated but insight-poor environment.

Measuring performance in the age of AI is more uncertain than ever. Agencies and clients alike are navigating a landscape shaped by opaque algorithms, shifting attribution models, and the increasing use of AI-generated content. While more tools are available, clarity is often

hard to define. The challenge lies not in the absence of data, but in the difficulty of extracting meaning from fragmented, automated systems.

Several interviewees highlighted the fragility of attribution. One strategist recalled, “Turns out [...] most of the traffic we had gotten was from Russian Spambots [...] historical traffic changed [...] we only knew because we monitored and recorded it in a separate platform” (I03, line 301). This incident illustrates how platform-dependent metrics can mislead, and how little control agencies have over the data ecosystem. Automated reporting may offer surface-level clarity, but the underlying data is often unreliable or misleading without human validation.

Clients face similar frustrations. “I don’t know how you measure that in an AI environment when there aren’t accessible metrics” (I03, line 341). The issue is less about data quantity than clarity: AI often blurs the boundaries between creation, delivery, and interaction, making it difficult to isolate and track impact. Even basic attribution remains problematic. “Customers [...] couldn’t figure out the attribution really [...] hard to see who is really reaching, if it’s reaching the right people” (I05, line 308). As platforms evolve, and reporting becomes less transparent, feedback loops weaken and undermine optimization and learning. This uncertainty complicates accountability frameworks that rely on clear metrics to demonstrate impact.

To adapt, some agencies are testing unconventional methods. “What some people are doing is basically sending queries into the LLMs [...] if your content comes back often, your score is high” (I05, line 328). These tactics aim to evaluate visibility in AI-driven ecosystems, but they remain experimental. In many cases, agencies fall back on direct indicators. “We’re not often directly involved in analyzing the metrics [...] we’ll do evaluation with actual users [...] but it’s not something we do analytically” (I07, line 353). When data is incomplete or opaque, experiential insights and user feedback often substitute for quantitative evaluation.

In short, performance measurement is evolving but remains unstable. Agencies are required to demonstrate impact, even as data becomes less reliable. Navigating this uncertainty calls for both methodological creativity and a renewed focus on interpretative accountability.

5. Conclusion

5.1 Phenomenon and Evolving Focus

This thesis set out to answer the central research question: how is artificial intelligence reshaping the labor division between clients, agencies, and media platforms in the creative advertising industry? Initially conceived as a broad investigation across these three actor groups, the research gradually focused on one central concern: how do agencies, situated at the intersection of strategic consulting and creative production, adapt to AI-driven transformation?

While media platforms were introduced in the conceptual framing of the study, they were ultimately not part of the empirical work due to limited access and their relatively peripheral role in the strategic labor decisions reflected in the data. Thus, the resulting analysis is a deep dive into the agency perspective. A specific focus emerged on how agencies experience shifting client demands, integrate AI tools, and transform their own workflows and value propositions. These findings are informed by expert interviews with agencies operating in the Netherlands, a digitally advanced and internationally connected market that offers insight into how AI adoption is reshaping labor structures in creative advertising.

It is worth noting that while the research initially focused on “advertising agencies”, the actual interview partners represented a broader spectrum of creative organizations. These ranged from brand consultancies and full-service creative studios to data-driven innovation firms. This diversity may reflect a methodological limitation in the sample design, such as limited access to platform or client-side perspectives, but it is also indicative of a wider structural shift. Many agencies today are evolving beyond execution-focused advertising work into hybrid roles that blend strategy, technology, and brand direction. As such, the findings speak not only to traditional advertising models but to the increasingly fluid and multidisciplinary nature of the agency landscape in an AI-mediated environment.

What emerges is not a linear story of automation or replacement, but a complex renegotiation of roles. AI is not simply a tool that integrates into existing processes, it operates as an institutional force that shifts how authority, trust, and collaboration are coordinated. Within agencies, this has prompted two parallel initiatives: a strategic reevaluation of core competencies and a reorganization of practical workflows. Ultimately, the division of labor is being redefined, not eliminated, as agencies learn to collaborate with intelligent systems and recalibrate their relationship with clients.

5.2 AI-Driven Shifts in Labor and Value

Clients are increasingly using AI tools to carry out tasks previously assigned to agencies, from copywriting and visual design to preliminary strategy development. This disintermediation is often framed in terms of speed and cost-efficiency. However, the findings suggest a misalignment in expectations: clients tend to assume that agencies can instantly deliver more work, at lower cost, with the help of AI, without fully appreciating the internal complexities this entails. As one interviewee put it, “Some retainers with clients [...] might become smaller because they think we’ll need to spend less time or we can actually deliver stuff in less time” (I05, line 260). These shifting expectations create both operational and strategic pressure. Agencies are expected to deliver faster, yet meaningful integration of AI into creative work requires time, experimentation, and specialized knowledge.

What distinguishes this development is not only the redistribution of executional tasks, but the emergence of hybrid, interpretative roles that embed AI fluency within the strategic core of agency work. Interviewees highlighted the growing significance of positions such as “AI/Art Curator” and “AI Efficiency Manager”, which reflect new responsibilities related to quality assurance, workflow optimization, and the creative alignment of machine-generated content. These evolving roles signal a shift from production-centric labor to labor organized around orchestration and oversight. In this context, value is increasingly derived from the ability to navigate, filter, and integrate AI outputs into coherent brand and campaign ecosystems.

Agencies that thrive in this context are those that move beyond surface-level adoption of AI, instead assuming active responsibility for coordinating hybrid human-machine workflows. Strategic and creative coherence is maintained not by outsourcing judgment to algorithms, but through interpretative labor, the human ability to translate technological potential into context-sensitive value. This recalibration not only addresses evolving client expectations but also enables agencies to differentiate themselves in an environment of growing tool parity.

AI integration, in turn, is driving two converging shifts: a reorientation of agency responsibilities from execution toward strategic stewardship, and a blurring of functional boundaries across domains such as strategy, creativity, and production. These transformations underscore a broader redefinition of institutional roles as agencies adapt to increasingly AI-mediated forms of coordination and value creation.

5.3 Theoretical Contribution

The study applied Institutional Economics to interpret how AI reshapes inter-organizational labor in advertising, with Transaction Cost Theory (TCT) serving as the central analytical framework. TCT provided a useful lens for examining how clients, agencies, and platforms make decisions about which tasks to internalize, outsource, or automate, based on the costs of coordination, control, and information asymmetries. Path dependency and power asymmetries served as complementary perspectives, helping to situate these decisions within longer-term structural and relational dynamics.

A key contribution of this study is showing how AI reshapes, rather than reduces, transaction costs. On the surface, AI tools let clients perform tasks such as copywriting, ideation, or visual production without relying on agencies. This appears to lower coordination costs. However, the findings reveal that clients often underestimate the need for creative coherence, brand alignment, and contextual judgment. This gap adds a layer of transaction costs, which might be described as “interpretative coordination costs”, as agencies remain essential for evaluating, refining, and integrating AI-generated outputs into coherent strategic narratives.

In this sense, AI does not eliminate intermediaries but creates coordination challenges that reaffirm the value of agency expertise. This extends the TCT framework by showing that while AI can improve executional efficiency (e.g., faster asset creation), it also adds costs to brand interpretation, strategic alignment, and cross-platform integration. The boundary between internalized and externalized labor is therefore not only economic but cognitive and symbolic.

Moreover, the emergence of hybrid roles, as described earlier, signals a shift in how coordination is structured. Those roles bridge technical capabilities and strategic oversight, integrating coordination within new human-machine interfaces. Traditional TCT assumes stable actors deciding among discrete transaction options. This study shows that AI blurs these roles, introducing a need for dynamic coordination under conditions of technological uncertainty.

While TCT explains many of these shifts, the findings highlight areas where theory needs to evolve. Classic TCT assumes tasks are allocated based on measurable cost-efficiency. But in AI-mediated creative work, costs are often opaque, non-financial, and shaped by factors such as institutional trust, shared meaning, and long-term brand equity. Agencies are not only evaluated on deliverables but on their ability to maintain coherence given technological uncertainties.

Path dependency proved relevant in explaining the uneven pace of adoption. Agencies with rigid workflows or execution-heavy business models found it harder to reposition themselves, while those with strategic flexibility or internal experimentation cultures adapted more readily. Power asymmetries also emerged, particularly in the growing control platforms hold over data, tools, and distributions infrastructure. Agencies are increasingly expected to deliver creative assets without access to the full context of how they are evaluated or deployed.

Together, these findings extend Institutional Economics by showing that AI alters not only the labor structures, but also the nature of coordination. Transaction costs in AI-mediated environments are not just technical or contractual, they are interpretative, relational, and reputational. Future models of institutional labor must account for hybrid expertise, where value stems from navigating machine-human collaboration rather than simply minimizing cost.

5.4 Methodological and Reflexive Considerations

This study offers grounded insights into how agencies experience and respond to AI-driven change, but like any qualitative research, it comes with methodological limitations that shape how its findings should be interpreted.

First, the sample included experts from diverse creative organizations, ranging from full-service agencies to brand consultancies and innovation firms. While this breadth helped illuminate emerging hybrid roles and institutional tensions, it also made it harder to generalize findings across specific agency types. Moreover, the sample size of nine expert interviews reflects a depth-oriented design but limits statistical generalizability. The reliance on purposive sampling, including collaboration with the Dutch Digital Design Foundation, may have further introduced selection bias, potentially skewing the sample toward innovation-driven or AI-advanced organizations. To mitigate this, the study intentionally explored a range of professional roles and varying levels of AI adoption.

Second, the research focused primarily on agency-side perspectives. While clients and platforms were conceptually present, they were not directly represented in the interview sample. This limits the ability to fully triangulate findings about client expectations or platform-driven asymmetries. Future research could benefit from incorporating perspectives from these other actor groups to deepen the understanding of inter-organizational dynamics.

Third, the semi-structured interview format allowed for open and flexible conversations. This helped surface unexpected insights but also came with familiar limitations. As with any

self-reported data, responses may have been shaped by memory gaps, selective emphasis, or strategic framing, particularly when discussing emerging technologies like AI. Some topics, such as platform governance or ethical implications, didn't receive as much attention simply due to time constraints. These challenges were addressed as much as possible through piloting, reflective interviewing, and a consistent thematic approach during analysis.

The study anticipated balanced coverage across the five functional pillars of advertising, but the empirical emphasis shifted over time. Distribution, for example, did not emerge as a distinct or consistently discussed topic. Rather than treating this as a design flaw, the absence was interpreted as a finding in itself. It reflects where agency attention is currently concentrated: internal restructuring and client-facing strategy, rather than media platform disruption.

Finally, AI-supported transcription and coding tools were used to manage large volumes of qualitative data. While useful for organizing and surfacing patterns, these tools required extensive manual correction and carried a risk of overcoding or interpretative bias. Human judgment remained central throughout the analytical process.

In sum, while the study offers valuable insights into agency responses to AI, its design prioritizes depth over breadth and interpretation over measurement. The findings should be read as exploratory and situated. It is a contribution to theory-building rather than theory-testing.

5.5 Interpretation and Synthesis

The findings of this study suggest that AI is not simply changing what agencies do, it is reshaping how value is created, negotiated, and delivered within the client-agency-platform relationship. While much of the public discourse on AI in creative industries focuses on automation and efficiency, the data presented here reveals a more subtle and structural transformation. Agencies are not becoming obsolete, nor are they simply automating routine functions. Instead, they are undergoing a more fundamental institutional repositioning.

At the heart of this repositioning is a shift from doing to coordinating, from producing outputs to making sense of inputs. The emergence of hybrid roles and the reconfiguration of internal workflows point to a changing understanding of what constitutes meaningful labor. Where agencies were once defined by their ability to execute, to design, write, and deliver assets, they are increasingly valued for their ability to interpret, align, and integrate. This includes translating AI-generated content into brand-consistent narratives, managing fragmented client-side experimentation, and navigating the increasingly opaque influence of platform algorithms.

These shifts suggest that the division of labor in creative advertising is becoming both more fluid and more asymmetrical. On the one hand, roles and responsibilities blur as strategy, creativity, and production merge within AI-enhanced processes. On the other hand, power asymmetries grow more pronounced, particularly where agencies lack access to platform data or are excluded from decisions about AI deployment. The result is a working environment in which agencies must continuously renegotiate their strategic relevance, often without full visibility into the systems that govern distribution and evaluation.

Yet this moment of uncertainty also opens space for reinvention. Agencies are not only reacting to external pressures, many are actively experimenting with new models of collaboration, prototyping new service offerings, and establishing new roles as interpreters of technological potential. These efforts suggest that adaptation is not solely about technical skill, but about reclaiming the capacity to provide strategic direction in environments increasingly mediated by machines.

Ultimately, this study captures a broader institutional transition, one in which AI does not replace human labor, but redistributes and redefines it. Value is shifting away from the creation of discrete outputs and toward the ability to orchestrate coherence across systems, stakeholders, and technologies. This is not just a technical challenge but an organizational one: agencies must now define their contribution not only in terms of what they produce, but in how they enable clarity, consistency, and creative relevance in a landscape shaped by automation and complexity.

5.6 Future Research Directions

Several promising directions for future research emerge from the scope and limitations of this study. First, longitudinal research could track how agency structures and role definitions evolve in response to AI over time. While this study captures a snapshot of a transitional moment, revisiting similar questions after a defined period could help determine which changes persist and which are temporary.

Second, comparative research across national contexts, agency types, or industry verticals could help identify how institutional environments shape AI adoption. Given the diversity within the creative sector, from global networks to boutique studios, such comparisons could highlight which organizational models are more adaptive or resistant to change.

Third, there is a clear need to explore AI literacy across different levels of organizational hierarchy. Investigating how executives, mid-level managers, and junior staff engage with AI

tools in practice could uncover critical gaps in knowledge, confidence, or responsibility. These insights could inform more targeted interventions in training, hiring, and change management.

Fourth, future work could benefit from quantitative research measuring the impact of AI on client satisfaction, campaign outcomes, or workflow efficiency. Such studies would complement the qualitative findings presented here by offering broader generalizability and helping quantify the operational implications of AI adoption.

Finally, deeper research into the platform layer could expand the conversation beyond the client-agency relationship. Future studies might examine how media platforms and AI tools influence creative processes through pricing structures, interface design, or access restrictions. While platforms were not empirically central to this study, their infrastructural role is significant and growing, and likely to shape the future conditions under which agencies operate.

5.7 Closing Reflection

If AI is already a team member, the challenge is no longer adoption but collaboration, coordination, and ethical alignment. Agencies must not only learn to work with AI but also define the terms of that partnership. Creative labor is not disappearing, it is being redistributed, reframed, and reprioritized in ways that demand new forms of expertise and responsibility. The tools have changed, but the stakes remain the same: relevance, resonance, and responsibility.

This study contributes to a broader societal conversation about how creative industries, and the institutional structures within them, can respond to technological disruption without losing sight of their cultural and strategic roles. In capturing a moment of transformation, this thesis does not offer closure but opening. AI will continue to evolve, and so too will the relationship between clients, agencies, and media platforms. Across strategy, creativity, production, distribution, and evaluation, agencies will need to define how they add value in partnerships with AI. This will require not just adaptation, but active negotiation of creative standards, institutional boundaries, and professional ethics.

For agencies, the societal contribution lies in recognizing that the future of work will not be built by resisting AI, nor by blindly accelerating it, but by shaping its integration with intention and care. The task ahead is to ensure that this evolution is not only efficient, but fair, thoughtful, and creatively generative. In this, the role of human judgment remains not just relevant, but irreplaceable.

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Appendix

Appendix A: Interview Guide

Interview Guide - Expert Interviews

Redrawing the Lines: How AI Reshapes Labor Division in the Creative Advertising Industry

Research Question

How is AI reshaping labor division between clients, agencies, and media platforms in the creative advertising industry?

Introduction

- Thank participant for their time and willingness to contribute to this research
- Briefly restate the research purpose: *to explore how artificial intelligence (AI) may be reshaping the division of labor in the advertising industry, with a focus on five core functional areas*
- Emphasize that participation is voluntary, and they have the right to withdraw at any time
- Reassure the participant that all information will be treated confidentially and anonymized in the final analysis
- Obtain verbal or written consent for participation and for audio recording of the interview

Privacy and Recording

- Confirm whether the participant consents to the interview being audio recorded for transcription and analysis purposes
- Ask if the participant has any questions or concerns about the recording or data handling before proceeding

Meta Data

Date	
Participant	
Interviewer	
Begin	
End	
Interruptions	

Warm Up / Opening

Q1: Can you briefly describe your current role and responsibilities in your organization?

→ How long have you worked in this role or field?

→ What has been your experience with AI technologies so far?

Q2: In your view, how has the advertising industry changed on the last 5 years?

→ What do you consider the key drivers of these changes?

→ Where do you see the biggest shifts in professional responsibilities?

→ Would you say AI is the most significant driver of change, or do other factors play a larger role?

Strategy

Q3: How do you currently approach strategic planning in your agency or team?

→ operational approach

Q4: How has AI changed the way you or your agency approach strategic planning?

→ In what ways has it changed how campaigns are conceptualized or structured?

→ In what ways has the control over the process shifted?

→ How has your level of control over the different parts of the strategic process changed with AI integration?

→ How far has AI changed whether clients or agencies initiate strategic ideas?

Q5: What role do clients or media platforms now play in shaping strategy with AI involved?

→ How would you describe the nature of collaboration today compared to before AI?

→ How has the coordination shifted?

Backup: Are there aspects of strategic work that you've lost or gained due to AI, if so, which?

Creativity

Q6: How is creative development currently structured in your work?

Q7: How has AI influenced your creative development processes?

→ Are there new creative tools or workflows, if so, which?

→ How do humans and AI collaborate?

Q8: What do you think defines creative quality today in an AI-enhanced context?

→ In what ways might have the client perspective on creative work evolved with the rise of AI?

→ From a legal perspective: How do you evaluate originality or authorship and have your clients' expectations or evaluation criteria changed as a result?

Backup: How have team dynamics or roles in creative development changed due to AI tools?

Production

Q9: What does your current production workflow typically look like?

Q10: How has AI affected your production workflows or timelines?

→ Has automation changed team composition?

→ Can you describe any shift in how much production is done in-house vs. outsourced?

→ To what extent are clients now involved in production tasks that were previously agency-led?

Q11: What types of roles or skills are becoming more important in production?

→ What kind of new roles and skill sets, such as prompt engineering, are emerging in your production processes?

→ How would you describe the balance between human and AI involvement in creative execution today?

Backup: What impact has AI had on your outsourcing strategy?

Distribution

Q12: How is media buying and ad distribution currently managed in your organization?

Q13: How has AI transformed how you engage with media buying or ad distribution?

→ How has the influence of media platforms in distribution changed with AI integration?

→ Is media strategy still a key agency responsibility?

→ Can you describe how your role in media planning has evolved?

Q14: How transparent do you find AI-powered distribution systems?

→ How transparent do you find the AI-driven targeting process?

→ What challenges do you face in controlling placement or context with AI-powered tools?

Backup: How would you describe the trust dynamic between clients, media platforms, and agencies in the context of targeting? Do you think your clients trust media platforms more than agencies when it comes to targeting and placement?

Evaluation

Q15: How do you currently measure and assess the performance of your campaigns?

Q16: How has AI changed how you measure campaign performance?

→ What kind of metrics have gained importance in evaluating performance?

→ Has AI helped you predict or assess outcomes differently?

Q17: Are there concerns around how AI systems evaluate campaigns?

→ Are clients asking for new types of reporting?

→ Is evaluation still in your control or shifting to media platforms?

→ Have ethical or compliance issues come up?

→ Who now „owns“ the insights - your agency, the client or the media platform?

Backup: How have your KPIs or success measures changed in response to AI-driven approaches?

Closing / Reflective

Q18: What has been the most surprising effect of AI in your role/team?

Q19: Where do you see the future of AI in advertising heading in the next few years?

- What risks or opportunities do you anticipate?
- How do you see your own role evolving?
- What skills or qualities do you think will become more valuable in this new environment?
- Do you think agency structures will need to evolve (e.g., new departments, team configurations)?

Q20: Is there anything else you'd like to add that we haven't covered?

- Any open questions you feel the industry should be asking?
- Would you be interested in receiving a summary of the study results?

Backup: What kind of support or frameworks do you think agencies need to successfully adapt to AI?

Appendix B: Informed Consent Form

INFORMED CONSENT FORM

Project Title	AI and the Changing Division of Labor in Creative Advertising: An Institutional Perspective
Purpose of the Study	This research is being conducted as part of a Master's Thesis at Erasmus University Rotterdam (Media & Business). I am inviting you to participate in this research project that investigates how artificial intelligence (AI) is reshaping the division of labor between agencies, clients, and media platforms in the advertising industry. The purpose of this research project is to better understand how AI influences professional roles, decision-making structures, and institutional relationships within advertising value networks and particularly how agencies need to position themselves.
Procedures	You will participate in an expert interview lasting approximately 45 to 60 minutes. You will be asked questions about your professional experience with AI integration in advertising, specifically in the areas of advertising strategy, creative development, production, distribution and evaluation. Sample questions include: "How has AI changed the way you or your agency approach strategic planning?", "How has AI affected your production workflows or timelines?", "How has AI changed how you measure campaign performance?"
Potential Risks and Discomforts	There are no obvious physical, legal or economic risks associated with participating in this study. You do not have to answer any questions you do not wish to answer. Your participation is voluntary and you are free to discontinue your participation at any time.
Potential Benefits	Participation in this study may offer you a deeper understanding of ongoing structural transformations within the advertising industry. The broader goal of this research is to contribute to academic and industry discussions on the role of AI in creative work and institutional change.

<p>Confidentiality</p>	<p>Your privacy will be protected to the maximum extent allowable by law. No personally identifiable information will be reported in any research product. Moreover, only trained research staff will have access to your responses. Within these restrictions, results of this study will be made available to you upon request.</p> <p>As indicated above, this research project involves making audio recordings of interviews with you. Transcribed segments from the audio recordings may be used in published forms (e.g., journal articles and book chapters). In the case of publication, pseudonyms will be used. The audio recordings, forms, and other documents created or collected as part of this study will be stored in a secure location in the researchers' offices or on the researchers password-protected computers and will be destroyed within ten years of the initiation of the study.</p>
<p>Compensation</p>	<p>No financial compensation is provided for participation. However, upon request, participants will receive a summary of the research results.</p>
<p>Right to Withdraw and Questions</p>	<p>Your participation in this research is completely voluntary. You may choose not to take part at all. If you decide to participate in this research, you may stop participating at any time. If you decide not to participate in this study or if you stop participating at any time, you will not be penalized or lose any benefits to which you otherwise qualify. The data you provided before you stopped participating however will be processed in this research; no new data will be collected or used.</p> <p>If you decide to stop taking part in the study, if you have questions, concerns, or complaints, or if you need to report an injury related to the research, please contact the primary investigator: Simon Röhrs - simon.roehrs@student.eur.nl</p>
<p>Statement of Consent</p>	<p>Your signature indicates that you are at least 18 years of age; you have read this consent form or have had it read to you; your questions have been answered to your satisfaction and you voluntarily agree that you will participate in this research study. You will receive a copy of this signed consent form.</p> <p>I agree to participate in a research project led by Simon Röhrs, a Master's student in the Media & Business program at Erasmus University Rotterdam. The purpose of this document is to specify the terms of my participation in the project through being interviewed.</p> <ol style="list-style-type: none"> 1. I have been given sufficient information about this research project. The purpose of my participation as an interviewee in this project has been explained to me and is clear. 2. My participation as an interviewee in this project is voluntary. There is no explicit or implicit coercion whatsoever to participate.

	<p>3. Participation involves being interviewed by (a) researcher(s) from Erasmus University Rotterdam. The interview will last approximately 45 to 60 minutes. I allow the researcher(s) to take written notes during the interview. I also may allow the recording (by audio/video tape) of the interview. It is clear to me that in case I do not want the interview to be taped I am at any point of time fully entitled to withdraw from participation.</p> <p>4. I have the right not to answer any of the questions. If I feel uncomfortable in any way during the interview session, I have the right to withdraw from the interview.</p> <p>5. I have been given the explicit guarantees that, if I wish so, the researcher will not identify me by name or function in any reports using information obtained from this interview, and that my confidentiality as a participant in this study will remain secure. In all cases subsequent uses of records and data will be subject to standard data use policies at the EU (Data Protection Policy).</p> <p>6. I have been given the guarantee that this research project has been reviewed and approved by the supervising faculty member at Erasmus University and by the ESHCC Ethics Review Committee. For research problems or any other question regarding the research project, the ESHCC Ethics Committee may be contacted through: ESHCC Research Support Office - researchsupport@eshcc.eur.nl</p> <p>7. I have read and understood the points and statements of this form. I have had all my questions answered to my satisfaction, and I voluntarily agree to participate in this study.</p> <p>8. I have been given a copy of this consent form co-signed by the interviewer.</p>	
Signature and Date	NAME PARTICIPANT	NAME PRINCIPAL INVESTIGATOR
	SIGNATURE	SIGNATURE
	DATE	DATE

Appendix C: Prompt used for Intentional AI Coding

Research Focus

My thesis explores how artificial intelligence (AI) is reshaping the labor division and workflows within the creative advertising industry. Initially, my focus was on the evolving interplay between clients, creative agencies, and media platforms. However, the research direction has evolved to focus more closely on the changing relationship between clients and media agencies, particularly in the context of strategic and production responsibilities.

Research Question

How is AI reshaping the relationship between clients and media agencies in the creative advertising industry?

Theoretical Foundation

The analysis is grounded in Institutional Economics, particularly:

- Transaction Cost Theory: examining shifts in coordination and execution costs between clients and agencies.
- Path Dependency: considering how past structures influence current adaptation to AI tools.
- Power Asymmetries: highlighting how control over tools, data, and distribution platforms affects agency roles and client autonomy.

Methodology

- Qualitative, inductive research using semi-structured expert interviews with agency professionals.
- A thematic analysis approach is applied using open and axial coding in ATLAS.ti.
- This phase focuses on intentional AI-assisted coding to detect patterns, role shifts, tool adoption, and relationship dynamics.

Coding Intention

The AI should assist in identifying themes, tensions, role changes, and tool adoption patterns related to AI's influence across the following evolving domains:

Key Analytical Dimensions / Code Groups:

1. Strategic Collaboration
 - How AI is changing strategic planning roles

- Shifts in who initiates strategy: client or agency
 - Data-informed and AI-augmented decision-making
2. Production & Workflow
 - Internalization vs outsourcing of content and technical production
 - Use of AI tools (e.g., Midjourney, ChatGPT, Sora) to create assets
 - Impact on timelines, cost structures, and team roles
 3. Client-Agency Relationship
 - Rising client autonomy through AI tooling
 - Changing expectations of media agencies
 - Trust, co-creation, and dependency dynamics
 4. Emerging Roles & Skills
 - Roles like prompt engineers, AI curators, or synthetic audience testers
 - Evolving creative-director responsibilities in hybrid workflows
 5. Evaluation & Accountability
 - How performance is measured and attributed with AI-generated work
 - Who owns results: platform, agency, or client?
 - Transparency and feedback loops with platforms like Meta or Google
 6. Platform Power
 - Bypass of agencies via direct-to-platform tools
 - Algorithmic bias, opacity, and dominance in distribution

Language Signals to Detect

The AI should look for references to:

- Automation, AI tools, generative AI
- Creative production, campaign development, media buying
- Collaboration, co-creation, client expectations
- Platforms (Meta, Google, TikTok), dashboards, performance
- Role change, strategy, pricing, autonomy

Appendix D: Code Book

Theme	Sub-Theme	Main Code	Definition	Example
Thematic Transition	Client-Agency Dynamics	Agency Bypass	Clients are increasingly bypassing agencies altogether by directly accessing AI platforms or internal resources for creative or strategic work, thereby diminishing the agency's traditional role in the process.	„I actually think that the client is going to Google and Google is going to create the whole stuff for them. That will be some agencies that are going to be cut put there.“
		Agency Role Shift	Captures how the agency's function is evolving, with AI becoming a "team member." Agencies are reconfiguring responsibilities toward coordination, strategic thinking, or creative oversight.	„Where we sit, we always have to change and adapt with whatever is coming ahead and definitely in the last five years there has been some shifts.“
		AI Influence	Refers to the transformative effect of AI on workflows, creativity, and client services. Includes shifts in how agencies conceptualize, generate, and deliver work.	„I think that, maybe to say it in an easy way, I don't think that AI will ever be able to kill original thought, and I think that original thought is still going to be extremely valuable.“
		Collaboration	Refers to the expectation that agencies will work closely and transparently with clients. Emphasizes co-creation, fluid communication, and a team-oriented mindset that values mutual input across creative and strategic phases.	„Because if you look at clients, it depends very much on the type of relationship you have.“
		Control Shift	Reflects a redistribution of decision-making power or production control from agencies to clients, AI tools, or hybrid workflows. Often coincides with clients taking ownership of assets or timelines.	„Yeah, impacted. Maybe a little bit, I think that's a little slower moving and we probably often take the lead on how we can use this tool, that tool to help, you know, the annotation stuff for example.“
		Decision-Making	Focuses on how choices are made within the client-agency relationship, especially the use of AI for support, or tensions between automation and human judgment.	„And the question is, what you, of course, read a lot, is that you shift more from a production team to a consultancy team, kind of that direction.“
		Quality Assurance	Concerns about ensuring output meets standards, often through human review, improved prompts, or stricter oversight in AI-supported workflows.	„But I think it's the way I see Human-AI collaboration in the creative field, and this is my personal take on it, it's a tool that can help you accelerate, but still you as a human identify quality.“
		Relationship Dynamics	Refers to how roles, expectations, and collaboration between clients and agencies are evolving, sometimes strengthening partnerships, other times destabilizing them.	„With some of the clients, that is the most ideal relationship you have. So, you have your annual planning sessions where kind of the overarching plan and then you just work together on sort of the chunks.“
	Trust Dynamics	Ethics & Privacy	Involves concerns or policies related to data use, content integrity, bias, and transparency, particularly as they affect trust in agency-client work.	„So, in strategy, the first question is how do you approach GenAI as a company and we as a company start with ethical questions.“

Strategy	Agency Expectations	Legal Concerns	Captures apprehensions regarding how intellectual property, data, and creative outputs are handled, especially regarding how AI tools might process, expose, or generate content based on confidential or proprietary information.	„And particularly worries around the legal impacts, whether or not their secrets go into the training data and these type of things.“
		Ownership	Involves questions of authorship and rights, especially when using generative AI. It includes concerns about who legally or ethically owns the output and who is credited for the idea or execution.	„And when GPT is the one that’s spinning out concepts or ideas or words, again, we need to do that originality check and make sure that it’s not already in use.“
		Transparency	Encompasses the broader lack of visibility into how AI tools or platforms operate. Includes confusion about input-output logic, system boundaries, and the inability to verify results or explain AI behavior.	„I think that, depending on the platform, there’s different level of transparency. Also, I’ve noticed over the years, that the metrics change based on black box measurements.“
		Trust	The foundation of ongoing collaboration, this includes maintaining belief in an agency’s integrity, capability, and transparency amidst the growing role of AI.	„Seeing the difference between the two types of people, like the adapters and the skeptic one like the people who are, let’s say, stubborn.“
		Trust Issues	Specifies situations where trust is questioned or eroded, whether due to lack of transparency, quality concerns, AI misuse, or unclear accountability structures.	„But yeah, we ended up not using or recommending a headline for that reason, I think we learned our lesson a little bit there.“
	Agency Adaptation	Reflects the expectation that agencies remain flexible and capable of evolving with technological and market changes. This includes adjusting internal structures, roles, and services to stay relevant in an AI-driven landscape.	„I think the main shift is kind of why we have organized our agency in a way that I just explained because only doing the advertising side and communication side is just part of the story.“	
	Client Expectations	Captures what clients anticipate from agencies in terms of services, output, collaboration, and innovation. This includes strategic guidance, technical execution, adaptability, and integration of AI into processes.	„I don’t think they are too interested or occupied with how we use it or interested in how we use it.“	
	Consultancy	Highlights the agency’s role as a trusted advisor. Clients expect insights, guidance, and strategic recommendations from agencies, particularly in navigating new AI capabilities or making informed decisions about tool use and creative direction.	„Is that you shift more from a production team to a consultancy team, kind of that direction.“	
	Creative Direction	Involves the ability to lead and shape creative work effectively. Clients expect agencies to contribute original concepts, maintain a high standard of craftsmanship, and guide the creative process in alignment with strategic goals.	„You still have something, like chaining them together, switching stuff out and building on top.“	
	Data-Driven	Represents client expectations for decisions and strategies to be supported by data. This includes using analytics, insights, and evidence-based reasoning to inform creative choices and evaluate outcomes.	„So, if you talk about this performance marketing I can also imagine creating the visuals for this performance marketing, so really data-driven.“	

		Efficiency	Captures the growing demand for streamlined processes, faster delivery, and smarter use of time and resources. Efficiency is tied to client expectations of cost-effectiveness and responsiveness in increasingly agile workflows.	„But I see for example, we will have some retainers with clients that might become smaller because they think we'll need to spend less time.“
		Quality Control	Emphasizes maintaining a high standard across outputs, especially in AI-assisted processes. Clients expect agencies to critically assess and refine AI-generated material, ensuring alignment with brand values and creative intent.	„I think then we'll come to that conversation of being a creative professional and knowing, like identifying quality.“
		Responsiveness	Refers to agencies being prompt and adaptive in their interactions with clients. It includes the ability to quickly interpret feedback, pivot strategies, and engage with client needs in a timely and proactive manner.	„Maybe a little bit, I think that's a little slower moving and we probably often take the lead on how we can use this tool, that tool to help, you know, the annotation stuff for example.“
		Value Demonstration	Reflects the pressure on agencies to clearly show their continued relevance and impact in an AI-enhanced environment. Clients want to understand the added value agencies bring, beyond what AI or internal teams could deliver alone.	„The great risk with letting generative tools do your work is that you don't understand how they got there and you don't understand what the essence is.“
	Strategic Planning	Client Engagement	Covers active involvement of clients in the strategic and creative process, often enabled by more accessible tools and knowledge. Reflects a cultural shift toward closer collaboration and shared responsibility.	„I have the feeling the briefings get more extensive, because clients already use AI in order to discuss their ideas and get a better briefing for us as an agency.“
		Consultancy	Captures agency roles in guiding, educating, or advising clients in areas such as AI adoption, strategic direction, and technical feasibility. Often involves navigating uncertainty or lack of in-house expertise on the client side.	„So for a few clients that we developed tools and platforms for, they came to us afterwards or during the process and asked for like can you do maybe a two week sprint on how can we integrate AI in this platform.“
		Creative Direction	Reflects how AI influences decision-making in creative leadership. It includes both AI-assisted ideation and final validation by human directors to maintain aesthetic, strategic, or brand coherence.	“They're really good at generating language and connecting semantic meaning, but you still need someone to steer it.”
		Innovation	Covers new ways of working, service models, or creative exploration enabled by AI. May also reflect experimental mindsets in adapting to evolving client needs.	„It's like, our generation is in this unique position where we can decide, this is how we want to use it.“
		Strategic Planning	Denotes structured, forward-looking thinking about how to integrate AI into campaigns, organizational structures, or product development pipelines.	„Get rid of their data department and just spend their money into creative, just to be able to come back into the culture.“
		Strategic Shift	Refers to broader reorientation in strategic logic or business models due to AI, including shifts in value creation, positioning, or competitive dynamics.	„The principles for how to create content and how to design like structures in websites and stuff like that, those principles are different for this era we are having now.“

		Tool Selection	Covers the process of identifying, evaluating, and integrating AI tools into workflows. Includes considerations of tool affordances, access models, and compatibility.	„The tooling we can work with is changing like every week or so.“
		Value Creation	Encompasses ways in which strategic roles redefine or enhance value for clients, whether through efficiency, originality, insight, or new service models.	„And then we use the technique to do something. So, I like value first. Everything we do digitally should add some value to somebody’s life or to someone else.“
	Decision-Making	Analytics	Refers to the use of structured data analysis, such as performance dashboards, engagement stats, or quantitative metrics, to support or justify decisions, often provided by agencies or platforms to clients.	„So, generative AI or AI tools can help and do the analysis and learn from the data and also provide you with options on how to change.“
		Data-Driven	Captures decision-making, content creation, or strategy that’s increasingly grounded in performance data, automation, or real-time feedback loops.	„I think I always have a few chats open helping me out with looking at numbers, generating reports, writing emails, writing plans, writing proposals, a lot of different places.“
		Decision Support	Describes the broader infrastructure or tools (AI systems, research dashboards, human advisors) that facilitate or augment client or agency decision-making processes. Encompasses both strategic and operational contexts.	„We ask for reports. We say like, let us know what’s going on and we’ll help you with the next round.“
		Evaluation	Focuses on the act of assessing and judging creative, strategic, or technical output, often involving feedback loops, testing, or comparisons (e.g., A/B tests) to determine effectiveness.	„So, what we do is user testing or like focus groups or whatever.“
		Human Judgment	Highlights the role of subjective, experiential, or intuitive decision-making that remains necessary despite the growing role of AI or data tools. Often juxtaposed with automation or over-reliance on analytics.	„I think at the end of the day the creative tries to communicate a particular idea.“
		Informed Decisions	Denotes decisions that are made with a foundation of relevant data, research, or strategic input—often blending both human reasoning and AI insights. Typically implies a well-rounded process rather than a purely data-led one.	„We did a SEO analysis of a website that we’re working on and previously that was a little bit more involved to do an analysis.“
		Research	Refers to exploratory or evaluative efforts (e.g., trend tracking, competitive analysis, audience testing) conducted to guide decisions. May include formal methods (e.g., surveys) or informal ones (e.g., tool experimentation).	„One example of a tool like that is Volkspportret and they have like a virtual representation of when you would divide the Netherlands in 100 people.“
Creativity	Client Autonomy	Client Control	Describes the shift in control toward clients who, supported by tools and data, now participate more directly in content creation, direction-setting, or project execution, reducing reliance on agency execution.	„And you know what else I think is interesting is, some of my sharpest clients have been already thinking like, okay, we’re building an AI tool, right?“
		Client Empowerment	Encompasses how clients feel more capable and confident taking action or making decisions, thanks to new tools and access to data. This may include using AI to explore, test, or validate their own ideas before engaging with agencies.	„There are some clients who say, hey, here’s some messaging that I’ve already thought of and you can immediately tell that it’s GPT.“

		Expertise Gap	Highlights that while autonomy is rising, many clients still face a gap in understanding or skill needed to fully leverage AI or strategic tools, which can hinder effective autonomous action.	„Maybe at this point they are figuring out what the policy is and, you know, maybe then they don't use it.“
		Hesitance	Reflects the uncertainty, doubt, or delay some clients express about adopting autonomous roles or responsibilities, often due to unfamiliarity with tools or lack of internal support structures.	„I think, clients for now are also a bit hesitant to then actually implement it because it is still sort of, yeah, I want to say imperfect technology.“
		In-house Functions	Marks the trend of clients taking over tasks previously handled by agencies, particularly in content creation, production, or data handling, through growing internal teams or tool-based workflows.	„Clients can do more and more parts of that process themselves as well, thanks to not directly only AI, but definitely has another gear up.“
		Information Access	Refers to the expanded ability of clients to retrieve, analyze, or act on information independently, enabled by AI assistants, data dashboards, or interfaces that bypass the need for agency mediation.	„And I've noticed that Perplexity is for me a good tool to ask questions.“
	Organizational Shift	Agency Adaptation	Captures how agencies are evolving their internal structures, roles, and strategies to remain relevant and competitive in an AI-augmented creative industry. Includes shifts in service offerings, team composition, and responsiveness to client demands.	„I think change is a constant in this industry and I think's in many industries, but at least you know we have always been sort of more sitting in the digital side of things.“
		AI Expertise	Refers to emerging competencies in understanding, applying, and evaluating AI tools and outputs. Includes prompting, critical use of generative models, and integrating AI in creative workflows.	„Definitely knowing how to prompt, but also knowing what parts of the projects are suitable to do with AI and what parts not.“
		Creative Roles	Refers to new or evolving positions focused on directing, curating, or refining creative outputs in AI-assisted contexts. Encompasses roles like prompt engineers, art curators, or conceptual strategists.	„So I think the art direction curator role is getting way more important. And the prompt engineer.“
		Role Diversification	Captures the fragmentation or expansion of traditional roles into more specialized or hybrid functions, often blending creative, strategic, and technical tasks.	„Jobs change, you know, they have been changing forever, because when we moved from analog photography to digital photography a lot changed.“
		Specialization	The increasing value placed on niche expertise, whether human or AI-assisted, as generalist approaches are replaced by precision tools or deep knowledge areas.	„So it's more you can work faster, but you still need your specialism or your knowledge to get the right stuff out of it.“
	Production	Workflow Impact	Automation	Captures the increasing integration of AI to streamline repetitive or technical tasks. It often reduces human workload but may require oversight or provoke concerns about job displacement or quality.
Efficiency			Captures perceived or actual gains in productivity, speed, and cost-effectiveness through AI use. Includes streamlining tasks, reducing production timelines, and reallocation of team resources.	„It's also helping to process your own thinking a little faster. For myself, I'm also playing quite a bit with just prototyping things a little faster with the platforms.“
Process Refinement			Captures the deliberate redesign or optimization of workflows to eliminate friction or improve outcomes. This includes reevaluating which steps are necessary, and where automation or simplification is possible.	„Use it more like as a companion in order to discuss ideas with more, more in that way then let's say you just show.“

		Speed	Points to the pressure and potential to work faster with AI. It includes expectations from clients or internal leadership and how AI enables tighter timelines or quicker revisions.	„So we need more time, you need more time to stay ahead and to stay up to date, and also more time in order to restructure and refine your process every, yeah, you can do that every week but let’s say every month.“
		Task Management	Concerns how work is structured, delegated, or redefined in AI-supported environments. It includes shifts in who does what (humans vs AI), how tasks are prioritized, and the challenge of managing complexity.	„And then you still have all your clients demanding the stuff. I think it’s interesting what you say, like, it really speeds things up, but it also creates more demand time wise and also from a mental perspective.“
		Workflow Change	Describes broader transformations in production pipelines and organizational structures caused by AI integration. Includes shifts in task allocation, role definitions, and end-to-end process design.	„Get rid of their data department and just spend their money into creative, just to be able to come back into the culture.“
	Production Change	AI Utilization	Describes how agencies and clients integrate AI tools across production workflows, ranging from content creation to automation. It includes both early experimentation and more embedded use in day-to-day operations, aiming for faster, cheaper, or more scalable output.	„So, if it’s a really, really tight budget, I’ll lean more heavily on AI because it can go so much faster.“
		Client Production	Captures shifts where clients increasingly take on production tasks themselves using AI or templated tools. This reduces reliance on agencies and reshapes traditional production roles.	„I’m thinking about like, I know we did projects where the clients created images with AI and then they worked together with AI projection studios.“
		Content Generation	Focuses on the creation of text, images, or video content using AI tools. It includes examples where content is produced more quickly or at greater scale, often bypassing traditional creative bottlenecks.	„And, of course, content creation is a perfect topic to optimize with AI, talking about copywriting, but also, of course, image generation.“
		Creative Process	Covers the overall transformation of how ideas are developed and executed with AI support. This includes iterative experimentation, speed, and the blending of human and machine input in creative workflows.	„Let’s say the level of positivity we’ve seen in ideation was okay. That’s not bad, but it hasn’t been that smart. If that helps.“
		In-house Production	Highlights the shift of production tasks (content, design, even development) into the client side, bypassing agency execution, often enabled by AI tools.	„But I think your hypothesis is absolutely right, where at some point you don’t have to offshore anymore and you can do it in-house for the same amount or even less.“
		Production Responsibility	Concerns the redistribution of who is accountable for final outputs. As AI and clients take on more tasks, responsibilities shift between creative teams, clients, and machines, raising questions about authorship and ownership.	„You can generate 1000 images, but you probably can’t assume which ones are good and which ones aren’t.“
		Quality Assurance	Deals with maintaining high production standards in an AI-influenced workflow. This includes efforts to assess, validate, or improve AI-generated output and ensure it aligns with brand or strategic goals.	„You can ask after there is some output, from GPT as an example, and you ask it a question, how much of this answer did you dream up, and how much did you steal from somewhere?“

Evaluation	Performance Measurement	AI Insights	Captures the challenges and developments in measuring the impact of AI tools in campaigns and workflows. This includes situations where traditional metrics fall short and new forms of insight, often AI-generated, need to be interpreted or validated by humans.	„I think, what important is, is how much traffic do you get from LLMs? Especially, like, of course, the most important is ChatGPT.“
		Attribution Challenges	Refers to difficulties in identifying what actually drives success, especially in complex environments with automated systems, opaque algorithms, or misleading traffic sources (e.g., bots). Attribution becomes harder with AI, leading to uncertainty in performance evaluation.	„Yeah, the performance. It’s kind of a middleman who helps us at the platforms and all that stuff.“
		Performance Metrics	Encompasses all references to how performance is measured using quantitative indicators such as KPIs, conversions, reach, or user interactions. Includes both traditional metrics and evolving forms used in AI-enhanced environments.	„The attribution on your website is very easy to see by analytics. Who reach their website and where they came from. That stuff is going to be so difficult. And I think that creates a problem for a lot of companies.“
		Quality Evaluation	Covers the ways in which the quality of outputs, especially creative or AI-assisted, are assessed. This includes formalized evaluation through metrics or KPIs, as well as informal, intuitive, or subjective assessments used by clients or agencies.	„We can also, you know, generate images now ourselves. I think then we’ll come to that conversation of being a creative professional and knowing, like identifying quality.“

Appendix E: AI Declaration Statement

Declaration Page: Use of Generative AI Tools in Thesis

Student Information

Name: Simon Konstantin Röhrs

Student ID: 749468

Course Name: Master Thesis CM5000

Supervisor Name: Matthijs Leendertse

Date: June 26, 2025

Declaration:

Acknowledgment of Generative AI Tools

I acknowledge that I am aware of the existence and functionality of generative artificial intelligence (AI) tools, which are capable of producing content such as text, images, and other creative works autonomously.

GenAI use would include, but not limited to:

- Generated content (e.g., ChatGPT, Quillbot) limited strictly to content that is not assessed (e.g., thesis title).
- Writing improvements, including grammar and spelling corrections (e.g., Grammarly)
- Language translation (e.g., DeepL), without generative AI alterations/improvements.
- Research task assistance (e.g., finding survey scales, qualitative coding verification, debugging code)
- Using GenAI as a search engine tool to find academic articles or books

I declare that I have used generative AI tools, specifically [ChatGPT, Perplexity, DeepL, Transcription Tool by Microsoft Teams, Intentional AI Coding Tool by ATLAS.ti], in the process of creating parts or components of my thesis. The purpose of using these tools was to aid in generating content or assisting with specific aspects of thesis work.

I declare that I have NOT used any generative AI tools and that the assignment concerned is my original work.

Signature:



Date of Signature: June 26, 2025

Extent of AI Usage

I confirm that while I utilized generative AI tools to aid in content creation, the majority of the intellectual effort, creative input, and decision-making involved in completing the thesis were undertaken by me. I have enclosed the prompts/logging of the GenAI tool use in an appendix.

Ethical and Academic Integrity

I understand the ethical implications and academic integrity concerns related to the use of AI tools in coursework. I assure that the AI-generated content was used responsibly, and any content derived from these tools has been appropriately cited and attributed according to the guidelines provided by the instructor and the course. I have taken necessary steps to distinguish between my original work and the AI-generated contributions. Any direct quotations, paraphrased content, or other forms of AI-generated material have been properly referenced in accordance with academic conventions.

By signing this declaration, I affirm that this declaration is accurate and truthful. I take full responsibility for the integrity of my assignment and am prepared to discuss and explain the role of generative AI tools in my creative process if required by the instructor or the Examination Board. I further affirm that I have used generative AI tools in accordance with ethical standards and academic integrity expectations.

Signature:



Date of Signature: June 26, 2025

Overview of AI Tools Used in This Thesis

Field of Application	AI system(s) used	Description of use	Example
Questions arising in the process	ChatGPT	Questions regarding topics that are separate from the content	E.g.: I am referring to the theoretical framework of Institutional Economics. Do I have to use capital letters? E.g.: How do I use different page numberings within one document in word?
Search Engine	ChatGPT, Perplexity	Searching for broader contextual information	E.g.: How does real-time bidding work? E.g.: What do funnel refer to in digital marketing?
Summary of documents	ChatGPT	Briefly summarizing research papers for a first evaluation whether useful or not, before deeper manual examination	E.g.: Summarize the text below and give me a list of bullet points with new insights and the most important facts.
Formulations	DeepL/ DeepL Write/ ChatGPT	Synonym search and alternative formulations of selected sentences	E.g.: Can you give me synonyms for “examine”? E.g.: How can I say “The research findings underscore ...” differently?
Basic grammar and spell checks	ChatGPT	Support with control reading and looking for grammar or spelling errors	E.g.: Please check if there is a spelling error in this paragraph? E.g.: Did I use the comma correctly?
Variation of the sentence structure	DeepL Write	In a few sentences, individual words were improved using DeepL Write. However, no entire sentences were simply copied	E.g.: <u>AI is reshaping the institutional norms that define</u> relationships between clients and agencies. → adjusted to:

			<u>AI is accelerating a broader institutional shift</u> in client-agency relationships.
Transcription	Microsoft Teams	Transcription of interviews, as a starting point for manual clean up	<i>Integrated feature</i>
Intentional AI Coding	ATLAS.ti	Surface potentially relevant quotations, and identifying code clusters throughout anonymized transcripts	<i>See Appendix C</i>
Formatting issues	ChatGPT	Questions about problems with formatting in Word or the navigation in ATLAS.ti	E.g.: How do I delete a section break in word? E.g.: Where can I see all the codes I created so far?